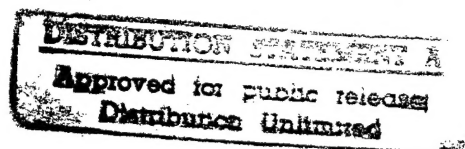


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JPRS 84216

29 August 1983



# Latin America Report

No. 2732

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29 August 1983

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No. 2732

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## LABOR THREATENS TO TAKE ACTION IF DEMANDS ARE NOT MET

Buenos Aires LA NACION in Spanish 27 Jul 83 pp 1, 10

[Text] The top leaders of the two labor unions resolved to support the action which the church will take today before the government in search of emergency solutions to socio-economic problems, but they did not rule out that steps would be taken by force if their demands are not satisfactorily met.

The labor leaders made those evaluations at the end of the meeting they held yesterday with the Social Stewardship Team in which the bishops informed them of proposals worked out by politicians and businessmen in light of the scheme originating from the two labor unions.

The Social Stewardship Team which, after its meeting with the labor leaders, held talks with members of the Democratic Center Union, headed by Mr Alvao Alsogaray, from whom he received an opinion more nearly in line with the labor demand, will at 4:00 pm today go to the Ministry of Economy where he will turn over to the government's socio-economic cabinet all the proposals entrusted to him.

A propos of today's meeting, Ministers Webbe, Villaveiran, Bauer, Navajas Artaza and the secretary of plans, Brigadier Miret, whom Llamil Reston joined, yesterday held a preparatory meeting on talks which they will hold today with the bishops for the purpose of establishing the mechanics and setting the deliberations will have.

"Strict Time Limits"

Alberto Triaca and Saul Ubaldini, secretaries general of the Azopardo and RA labor unions, respectively, agreed that the government should respond to the demands within "a strict time limit," because for the labor movement "time limits have run out."

Both agreed on that statement after the meeting they held with Msgrs Justo Laguna, Rodolfo Bufano, Domingo Castagna and Carlos Galan and in which Roberto Garcia, Ramon Valle and Jose Rodriguez of the RA labor union, and Luis Etchazar and Jorge Lujan of Azopardo also took part. "The church has a statement from the labor movement, political parties and other sectors of society and will hand over everything to the economic and social ministries of the government which will have to make a response," Triaca said.

The Azopardist leader then expressed the opinion that the proposal is based on the current situation, which, if it is not improved, will not allow us to harbor any hope for pacification."

"The Blow Will Fall on Them"

When he was consulted relative to some opinions according to which the labor initiative is not in agreement with the restraint demanded by the present moment, Triaca's answer was blunt: "We have already contributed our share of restraint needed so as not to play into the hands of the troublemakers. We suggest that the government contribute its own share because the blow will fall on them and not on us."

#### Direct Action Measures

Saul Ubaldini was also unequivocal in his statements. "We hope that once and for all proper attention will be paid to what our just demands really are. It is government's responsibility to review how to bring about a solution to the situation."

In view of this last judgment, Ubaldini explained that "if there is no response, direct action measures cannot be ruled out by the labor movement when the justice and uprightness of our request call for it."

From Mr Alsogaray

Mr Alvaro Alsogaray, head of the Democratic Center Union, pointed out that the talk with the bishops bore no relationship to the efforts of the labor leaders and other political sectors.

"The reason for this talk," he added, "stresses the concern of the church over social questions such as our own and are the same as had us warning President Bignone early in the year that inflation could be transformed into hyperinflation."

9436

CSO: 3348/575

## MILITARY INITIATES MOVE TO NAME NICOLAIDES' SUCCESSOR

Buenos Aires LA NACION in Spanish 28 Jul 83 p 8

[Text] Military spokesmen denied yesterday in Bahia Blanca, headquarters of the V Army Corps, that Generals Wehner and Mallea Gil are the most likely candidates to succeed General Nicolaides before the installation of the constitutional government. Hours later, it was General Wehner himself, C.O. of the V Corps, who confirmed the denial. It is obvious, as things now stand, that the high-ranking officers in that unit considered that this was the right time to get to the crux of versions which, particularly referring to alleged links of Mallea Gil to Alfonsinism, have been circulating in political circles for several months.

Why were they disposed to react now but not earlier, and why did they choose an official but direct channel without involving the commander in chief are questions whose answers are lost in the course of internal army life?

Perhaps in different circumstances the explanation by the spokesmen would be nothing but one more piece of information of scant significance. However, with the general election 3 months away and when one of the big mysteries of the national problem is specifically the nature of the future relationship between the civilian and military powers, the facts as known must generate, no doubt, a myriad of comments.

The spokesmen also denied that a plan is underway to move up retirement authorization, assignments and promotions, including the designation of the new commanding officer so as to present the civilian president with a fait accompli.

But immediately afterward they say that General Wehner estimates that between 30 October and 30 January the president elect would probably be obliged to meet with General Nicolaides for jointly reviewing the list of generals qualified to move up and select one of them to take over the command.

In other words, what would probably be proposed would likely be an agreement on the future of the military ceiling by means of which it would not fall into any of the foreseeable extremes, neither unilateral assignment on the part of military personnel nor discretionary exercise of constitutional power by the president as commander in chief of all the armed forces.

Now, how will that criterion have to be reconciled--for the first time expressed in public so clearly--with recurrent statements by the major personalities in public policymaking on the need for total military subordination to the new constitutional government? This appears to be another unanswered question; at least while the internal election process is not over in the primary political groups, it is foreseeable that the best known presidential candidates will abstain from accepting what could be understood as a virtual proposal issued from the Bahia Blanca barracks. Rather they would be seen as inclined to turn it down.

Day before yesterday Dr Italo A. Luder stated that "the first step will be to carry out article 30 of the constitution which specifically prescribes the president's authority over land, sea and air forces."

#### Inescapable Categories

In V Corps it was also stressed that its C.O., General Wehner, is a "professional" and that if he is selected as army commander, one would have to think of an essentially professional army.

No doubt this involves a clearcut definition, but one would have to agree that it is argumentative in view of the fact that in recent years the discussion about what the character of the integration between the armed forces and the remainder of the community should be is perhaps the main theme of analysis by the most brilliant minds in and outside the army.

In fact, veteran observers from the military world assert that after the recent institutional experiences, there are definitely entrenched categories which cannot be ignored.

Someone has defined the main ones as follows: the forgotten professionalism essentially split off from the historical, contextual scheme of things, whatever its tendency may be, which historically would have led to a coup posture; officialism which, behind a legalistic facade, ends up by converting the forces into passive appendages of the power in office, also by generating coup-type solutions; and lastly, an intermediate concept which could perhaps be termed unforgotten professionalism, sometimes proclaimed but never put completely into practice. In accordance with this scheme of things, the essential question today would not be considered the number of generals going into retirement nor even the names of the next commanders.

In the judgment of those observers, a solution could be found through a formula of mutual respect with a solid constitutional base through which the armed forces might channel their well-known share of power without adhering to any party but also by divorcing themselves from the national political process.

It could be asserted, perhaps with scant risk of error, that the parties are mature enough to face up to this challenge.

Everything depends on seeing how these intentions are projected into realism. Therefore it will be of the greatest interest to review in coming days the repercussions which the ideas set forth yesterday at Bahia Blanca will surely generate in political circles.

## GENERAL WEHNER COMMENTS ON FEASIBILITY OF PROFESSIONAL ARMY

Buenos Aires LA NACION in Spanish 28 Jul 83 p 29

[Text] Major General Rodolfo Enrique Wehner denied stories circulating in military and political circles in Bahia Blanca according to which in the next change in military leadership anticipated as usual at year's end he will be named as commander in chief of the army. The same rumor pointed to General Miguel Alfredo Mallea Gil as a candidate for the position in the event that Alfonsinism emerges triumphant in the elections.

The C.O. of the V Army Corps said, "As far as I am concerned, I can state categorically that no one has spoken with me on this matter which is exclusively within the purview of the present commander in chief of the army."

Regarding the alleged update on promotions, he added, "So far, what has been communicated to us by the commander in chief is that military calendar forecasts will have to be carried out, insofar as time will allow, as projected at the beginning of the year when the entire army was told of it.

"It is worthwhile to state that, up to this moment, there is no change whatever insofar as this aspect is concerned."

## Training and Morale

General Wehner was then asked what the situation was, in the scope of his broad Patagonian command, regarding training and morale of cadres and troops, to which he replied, "Two significant aspects are involved. As for the state of morale, the spirit which drives the cadres and troops of the V Army Corps, it's tops. They are operating specifically as professionals.

## Conscription

About stories relative to the call-up age of citizens to compulsory military service, a subject which has again cropped up, General Wehner said, "Speculations about military service apparently are made somewhat rashly, with scant knowledge of what the problems are because nothing may be said about this or that system of military service without being familiar with the real requirements of the country. Therefore I say that whoever starts these stories must be responsible for them.

"Within the Army High Command," he added, "no review has been made so far as I know as of this moment of any reorganization along those lines."

"Not the Best Idea"

Questioned finally on the possibility of forming an armed force in Argentina manned exclusively by professionals, by paid individuals, General Wehner said, "That might be feasible in some countries. In ours I think it would not be the best idea."

It was not possible to check on rumors regarding General Mallea Gil inasmuch as he is out of town.

9436

CSO: 3348/575

## SILES SEEKS REGIONAL COOPERATION TO SOLVE NATIONAL CRISIS

La Paz HOY in Spanish 26 Jul 83 p 4

[Text] Caracas, 25 Jul (DPA)--Bolivian President Hernan Siles Zuazo proposed in Caracas that a "club of the poor" be created, to be composed of countries with serious economic problems. He also reiterated his country's solidarity with the Sandinist Revolution and announced that Bolivia will not apply to the International Monetary Fund.

In statements made during a press conference, Siles Zuazo announced that his country will explore, together with Venezuela, Mexico, Brazil and socialist countries, the possibility of a regional agreement to find an emergency solution to the current Bolivian crisis.

"We will not apply to the International Monetary Fund," the chief executive said.

At the same time, he defended the need to create a "club of the poor" comprised of those countries suffering serious economic problems "and which are not threatened by powerful international interests which set standards for the refinancing of government debts."

Siles Zuazo explained that such a club would act collectively, like the "Club of Paris," to achieve agreements which would in some way solve and overcome the Latin American crisis.

The Bolivian chief of state expressed his "deep satisfaction" with having attended the celebration of the birth of liberator Simon Bolivar and repeated his appeal for the "establishment of a confederation of Latin American nations, which must begin with development of integrationist ties and other multilateral economic, political and social accords among countries of the subcontinent."

And he added: "The occasion has been favorable for reassessing the feelings of today's Latin American youth, taking into account the common desire to overcome dependence, to work together to strengthen our sovereignty, so that when it is strengthened it will serve as a reliable basis for decisions expressing the right of self-determination, not separately but rather together."

"Separately or together, both Latin American and Third World countries must understand that they are still victims of despotic actions to divide our peoples,

to make them antagonistic toward each other, through pressures of an economic nature, a political nature and even an intimidating nature," he emphasized.

Asked again about his proposed confederation of Latin American countries (club of the poor), the Bolivian President stated that such a confederation "must be preceded by various multilateral agreements which would give concrete shape to that concept."

"If no progress is made in that direction," he added, "the statements of Bolivarist content in the hearts and minds of our peoples' representatives will just be rhetoric without any plan, without a plan for unity through agreements that would specifically establish positive bases for a kind of continuous timetable until concrete foundations are achieved."

With regard to the current Central American crisis, Hernan Siles Zuazo firmly reiterated "our solidarity with Nicaragua in opposition to any foreign intervention."

"If there is any intervention," he stated, "it should be fraternal intervention by Latin American peoples to defend those peoples who are at risk of being subjected to new bloodbaths among brothers."

He immediately demonstrated his support with a document "which stipulates clearly and specifically Nicaragua's right to self-determination."

He added that the Bolivian people, together with the Venezuelan people, "are ready to proceed effectively to secure, promote and establish peace."

"The continent's military fleets should be sent to Central America in a spirit of peace, for it would be a great step forward if it could go beyond presenting warships as threats of the repetition of shameful episodes such as the one which resulted in Sandino's death many years ago," he stressed.

Concerning his country's internal political problems, Siles Zuazo said that "in the democracy achieved by Bolivia through an exemplary peaceful transition from dictatorship, it is natural for discrepancies to occur, as in any democracy."

"Due to its present crisis, Bolivia requires joint actions involving all sectors, an integrating program of national salvation, in which sacrifices would be made for the sake of making progress toward the solution of problems which it would not be possible to adequately solve separately," he stated.

"Thus despite the discrepancies arising naturally in a democracy, when we return to Bolivia we will reiterate our proposal to act together at the level of trade unions, university associations, political parties and civic organizations which want to democratically meet the challenge of emerging triumphant from economic disaster," he concluded.

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CSO: 3348/589



## LEFT TO PUSH FOR LABOR PARTICIPATION IN GOVERNMENT

Cochabamba LOS TIEMPOS in Spanish 22 Jul 83 p 5

[Text] La Paz, 21 Jul (LOS TIEMPOS)--Various leftist parties have called on the entire population to support the present democratic process "in the face of the obvious political vacuum and the breakdown of the government front," since they consider the practical application of liberties and democracy a priority, in spite of the intransigence and incompetence demonstrated by the present government.

The leader of the COB [Bolivian Labor Federation] and the Revolutionary Workers Party (POR), Victor Lima, said that "this breakdown was to be expected" in the ranks of the UDP [Democratic and Popular Unity] in view of the MIR's [Movement of the Revolutionary Left] excessive demands for power, a view not accepted by other parties such as the MNRI [Nationalist Revolutionary Movement of the Left] and PCB [Bolivian Communist Party] and even less by the president of the republic.

"The breakup of the UDP, with the permanent departure of the MIR, confirms the existence of differences which are not political or concerned with policy, but which are concerned with petty interests and power struggles, within the UDP," Lima added.

According to the POR leader, despite such differences within the political front, the political process is still valid, since it is an achievement of the people and the workers, "who we know will defend it against any attack from the right, the military or employers," he stressed.

Finally, Lima expressed his hope that talks will continue in the near future within the UDP, talks aimed at smoothing out the differences within the government, and that the country will be given a consistent front with a platform that really corresponds to the interests of the people.

FRI, PCML

Guillermo Richter, Marxist-Leninist Communist Party (PCML) leader and deputy, recalled that the differences between the UDP's component parties have been observed for some time, differences which derived from the government's total estrangement from one of its allies, the MIR.

In this leader's view, there are two other fundamental reasons for the MIR's estrangement and break as well as the little degree of understanding within the government front itself.

First, there are the serious differences and contradictions between the UDP's parties and, secondly, the eminently electoral and nonpolitical choice which the UDP represented. "With such mere circumstantial features or aspects of partisan and electoral interest, no alliance or political front can move forward," Richter said.

He stated repeatedly that the UDP does not and did not at any time signify a political alternative for the country's problems and expectations, including the still latent economic, social and political problems whose solutions will continue to be postponed because of the entire UDP's incompetence and inconsistency.

Asked whether he believed the MIR's permanent departure would affect the democratic process, he stated that the process and democracy in itself "is an achievement of all Bolivians and not of any political group in particular." In Richter's opinion, a crisis obviously exists in the case of the political choice which the UDP signified at a certain time, but not in the case of democracy.

The PCML leader also accused the government of being the main destabilizing factor in the democratic process because of its inconsistencies, doubts and continually unkept promises, particularly to its electors.

#### PRIN

The old trade unionist, Juan Lechin Oquendo, also expressed his opinion through his general secretary, Ramiro Carrasco, who reiterated the need for the government to have workers participate as much as possible in steering the ship of state.

In the opinion of PRIN [Revolutionary Party of the Nationalist Left] leader Carrasco, the basic reasons for the MIR's withdrawal from the government were not only the constantly publicized "power struggles," but the existing political-ideological inconsistencies within the UDP. "There is a heterogeneity of class interests which undoubtedly hinders the formation of a consistent political platform capable of providing alternatives for solving the country's problems," he said.

The PRIN leader also referred to the current governmental and party vacuum, a vacuum that must be filled by the left and ultimately by the workers through the COB, as they are the providers and recipients of the liberties now being enjoyed by the Bolivian people and which may be destroyed by the incompetence of a government.

Finally, Carrasco stated that his party, in view of the present danger to democracy, will persist in its effort to unite all progressive and leftist forces around the COB to require the UDP government, chiefly responsible for managing the country, to again establish a joint government with the workers.

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## LABOR CRITICIZES MIR SECTARIAN PRINCIPLES

Cochabamba LOS TIEMPOS in Spanish 22 Jul 83 p 8

[Text] La Paz, 21 Jul (LOS TIEMPOS)--Some of the country's labor organizations today expressed their criticism of the "rather unpolitical and unpatriotic" position of the Movement of the Revolutionary Left (MIR) in withdrawing from the government at a time when the country and democracy need the unity of all Bolivians, particularly of the governing UDP [Democratic and Popular Unity] front and its component parties.

Lechin

Commenting on the MIR's decision, COB [Bolivian Labor Federation] Executive Secretary Juan Lechin Oquendo said that "right or wrong, it is an exclusive problem of the MIR," also pointing out that the reasons given by its leaders "are exclusive attributes of that party."

Lechin said the existence of differences, inconsistencies and contradictory ideological proposals is obvious, as is the longing for more power in the government, but this should not cause us to forget the obligation which we have, not only workers but particularly politicians and especially the UDP, to see to it that the democratic process prevails.

The acting secretary of the Trade Union Federation of Mineworkers, Mario Cortez, in turn described the MIR's decision as negative and sectarian: "The MIR's position, at a time when the country's situation is delicate, constitutes a strange and unpatriotic attitude."

In that leader's view, the MIR, because of its moral commitment to the UDP, should comply with the platform outlined when the government assumed power and not reject the cabinet reorganization and the UDP at a time when the country needs solutions to its many economic and social problems. A

Another trade union leader and PCB [Bolivian Communist Party] member, Aldo Flores, said that the MIR's position is causing concern among the working class "because this action weakens the democratic process, which we all hope to strengthen."

Flores also expressed his optimism that the MIR will reconsider its decision and that there will be no arguments in the future over "more or fewer ministries or amounts of power which each party must have," but rather the concrete development and implementation of the UDP government program.

And Flores concluded: "There is still time for the MIR to reconsider its decision. We workers hope for a more patriotic position from that party in order to safeguard the current application of liberties and democracy itself, which may be destabilized by counterrevolutionary forces."

#### Factory Workers

Factory workers, through their leader, Eduardo Siles, described the MIR's total withdrawal from the government as a strategic move in view of the damage now being suffered by the UDP, which has demonstrated its inability to solve national problems.

Siles stated: "The MIR's refusal to participate in the government is strictly a party policy problem of that front, one that will have to be faced by the UDP's political leadership, but we workers demand more patriotism of the government, of both the MIR and UDP, setting aside their sectarian interests and assuming responsibilities in keeping with national interests."

Finally, this factory worker leader said that the sector's workers will analyze the position of one of the UDP's parties and of the government in general in a broad departmental poll of the sector soon, "because we workers are the authors of the present democratic process and no destabilizing position of any political party is permissible."

11915

CSO: 3348/589

## RESULTS OF SECOND QUARTER ECONOMIC PERFORMANCE DISCUSSED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Aug 83 pp 52, 53

[Introduction by Antonio Carlos de Godoy: "Three Months of Struggle Against Moratorium"]

[Text] The almost acrobatic efforts to maneuver around the serious problems created by the foreign liquidity crisis, which seriously affects the Brazilian economy and puts the country just a step away from a moratorium, continued to take up most of the economic authorities' time during the second quarter of this year. In May, despite official denials, it became clear there was an impasse between the Brazilian Government and the International Monetary Fund, due to noncompliance with the first-quarter goals for the public-sector deficit and net expansion of domestic credit.

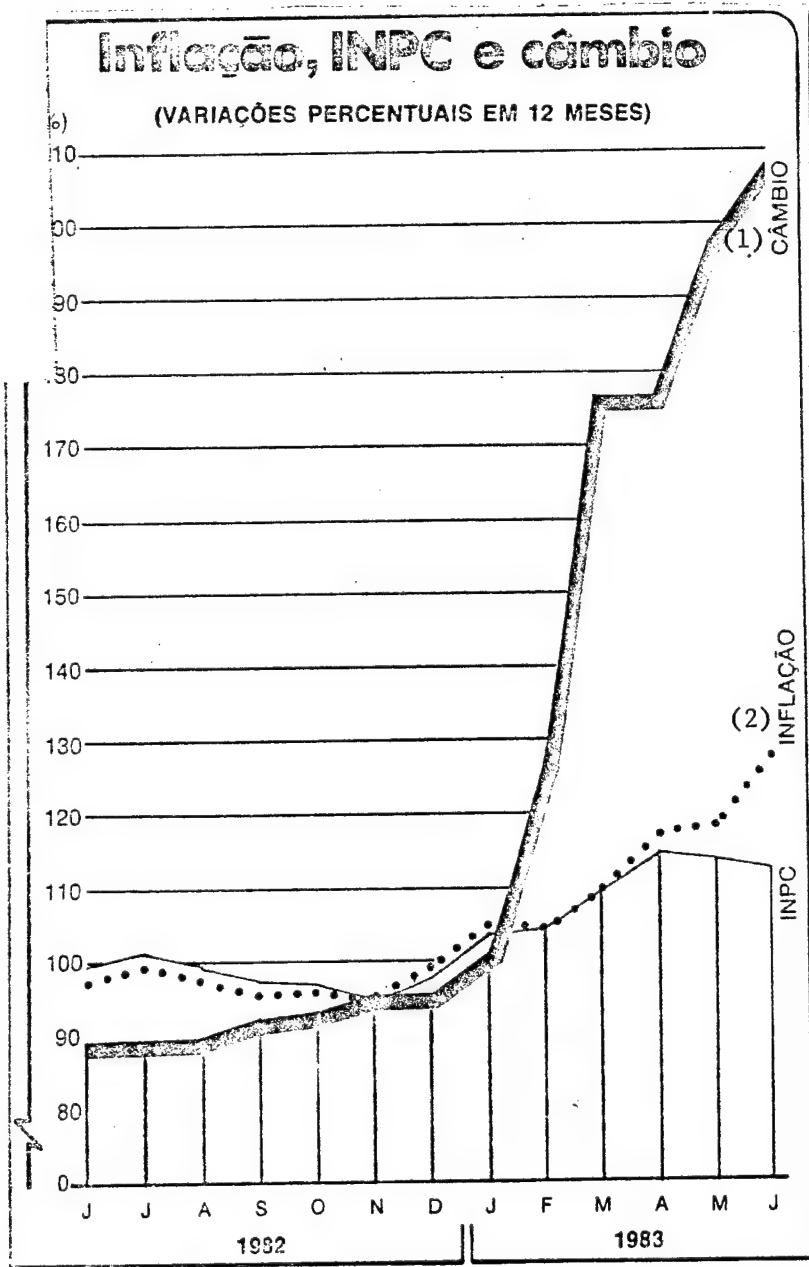
As could have been predicted, the impasse with the IMF increased the resistance of international bankers and eventually caused the collapse of the four-part package put together at the beginning of the year. Thus, besides not receiving the second credit installment from the IMF, amounting to \$411 million, Brazil did not receive the second installment of the jumbo loan (\$635 million) and had to delay payments amounting to \$1.4 billion.

At the height of the crisis, the Central Bank president and the finance minister tried in vain to meet the problem with the IMF by obtaining a longer period in which to meet the demands and convince the bankers to comply with the promises made at the beginning of the year.

None of these attempts worked. It became clear that the only way to convince the fund and the bankers would be to take strong measures against the deficit, which indeed occurred in June, when subsidies began to be removed from credit, petroleum derivatives and wheat.

New difficulties, however, emerged. The inflationary impact of removing the subsidies could not be permitted to be amplified by the indexation prevailing throughout the Brazilian economy. So the government decided to "purge" monetary correction and the

Inflation, INPC and Exchange Rate  
(Percentage change in latest 12-month period)



Key:

1. Exchange rate
2. Inflation

INPC [National Consumer Price Index] by not figuring in the higher prices resulting from lower subsidies or due to shortages caused by acts of God. This measure increased the gap between the INPC and inflation (see graph above) which has existed since April. In July the government was to take another step to curb wage increases, by limiting adjustments to 80 percent of the change in INPC.

These arrangements to a large degree complied with the wishes of the IMF representatives, but as yet that organization's final approval has not been given. This delay, which only serves to aggravate the foreign illiquidity crisis, pushes the country to the limits of its capacity, forcing the Central Bank to take extreme measures, such as control of exchange transactions.

Nor did the prolonged stalemate with the IMF do anything to improve the credibility of economic authorities, giving rise to rumors of changes in this area after the president's recovery.

Meanwhile, problems such as high interest rates, the decline of industrial production and increased unemployment remained unsolved (in Sao Paulo industry, the June employment level was almost identical to that of 10 years ago, with a reduction of 90,000 jobs in the first half of this year).

#### Automobile Industry

**Production:** After the 7.65 percent decline in the first quarter, automobile production started growing again in the second quarter, with a 6.9 percent increase over the January-through-March total. There were 243,194 units produced: passenger and mixed use vehicles, 211,765; utility vehicles and pickup trucks, 19,404; trucks, 10,362; and buses, 1,663. The quarter's sales were affected by expectations of economic measures, which were not adopted until the June and July "packages." Thus, there were 175,990 units sold at retail (9.4 percent less than the 194,124 units sold in the first quarter). Sales were also held back by the high rate of inflation and the consequent high interest rates for financing, as well as unstable employment conditions.

Assembly-plant production cannot be adjusted rapidly to this unexpected drop, which increased inventories for manufacturers and dealers.

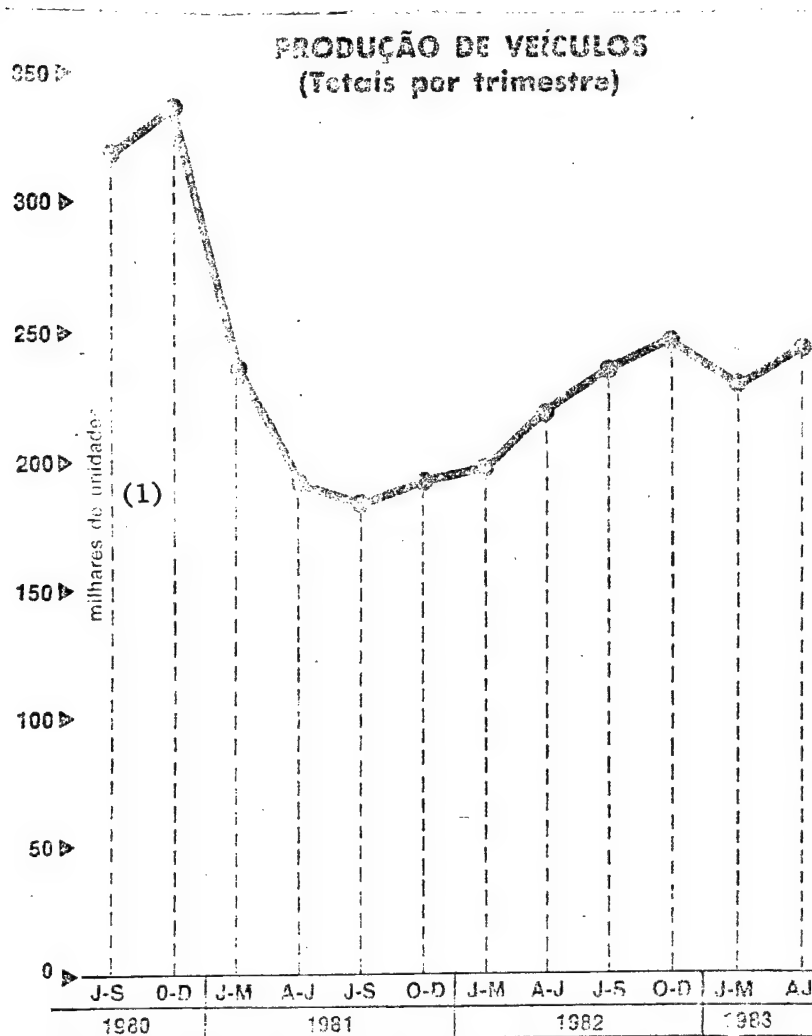
**Exports:** There were 42,170 units exported, an increase of 21.1 percent over the total sold abroad in the first quarter.

**Employment and Investment:** Employment in the sector was unchanged. Investments, for the most part, are made on the basis of medium- and long-term projects, with rigid deadlines, thus not substantially affected by seasonal or temporary difficulties.

**Problems:** Passenger-vehicle sales recovered markedly in 1982, after a sharp drop in 1981. The current year began with the same recovery trend, until May, when uncertainty again became manifest. The truck market remains hard hit by the economic recession, without prospects of recovery in the short run.

**Prospects:** Sector sources expect better sales in the third quarter, due to introduction of 1984 models, although they admit that economic measures taken recently limited consumer purchasing power still further.

# Production of Vehicles (Totals per Quarter)



Key:

1. Thousands of units

## Tractors

**Production:** After a weak first quarter, the tractor industry produced 6,035 units in the April-through-June period, a 55.5 percent increase (with one plant having a 300 percent increase). Despite this improvement, the industry still operates with an enormous idle capacity.

**Exports:** Only 193 units were sold to foreign markets, a 77.8 percent increase over the previous quarter.

**Problems:** The industry continues to operate with substantial unused capacity and sees no prospects of changes in the short run, because of the current recession.



## Auto Parts

**Production:** It was not possible to obtain data about production performance, but it is certain that sales in the second quarter rose 8.7 percent in real terms.

**Exports:** Foreign sales made directly by the auto-parts sector increased 13.6 percent in the April-through-June period, in comparison with the total exported in the first quarter.

**Problems:** The sector was hurt "by price-control policy, lack of confidence in the measures taken by the government and anxiety about the new economic 'packages.'"

## Tires

**Production:** The number of units increased 3.9 percent in comparison with the previous quarter. In the same period, sales increased 1.2 percent and rubber consumption rose 4.3 percent.

**Exports:** Increased 34.6 percent in comparison with the first quarter.

**Employment:** Rose 0.1 percent.

**Problems:** The current recession forced the sector to operate with 30 percent of its capacity idle, resulting in a sharp decline of investments needed for technological improvement.

**Prospects:** Performance in the July-through-September period is likely to be similar to that of the second quarter.

## Cement

**Production:** Data for the second quarter indicate a production drop of 2.5 percent and a decline of 0.2 percent in sales (in comparison with the previous quarter).

**Exports:** The sector exports only to Bolivia and Paraguay, in small amounts (less than 1 percent of total sales). Exports increased 136.2 percent in the second quarter.

**Problems:** Increase of idle capacity, rise in operating costs (due to pronounced rise of prices for the fuels used by the sector) and higher financial costs, in addition to reduced investment. The current recession has had significant impact on the cement sector, which today is selling 15 percent less than it sold in 1982. Idle capacity has risen to 45 percent.

**Employment:** Unchanged.

**Prospects:** Traditionally, the July-through-September period shows an improvement in sales, but--based upon performance in the first two quarters of this year--a decline is likely.

## Iron and Steel

Production: Steel output and sales increased in the second quarter, although the domestic market remained weak. Steel output, in tons, was as follows:

April: 871,733;

May: 989,722;

June: 994,306.

In the first half, domestic consumption of rolled steel declined 24 percent.

Exports: Foreign sales increased significantly in the second quarter.

Favorable Factors and Problems: The major favorable factors were the more realistic official exchange rate of the cruzeiro, the incentive to energy consumption at lower prices and the strong foreign demand for products of iron and steel. But there were also problems, such as high interest rates, price controls, higher raw-material prices and the cooling off of almost all domestic sectors that consume steel products. Steel is characterized by large capital investment per unit of output, which makes it more vulnerable to the high cost of capital and to the negative effects of idle capacity. The current recession has caused significant losses for the sector, due to reduced domestic demand.

Prospects: The domestic market is likely to remain unchanged, at the same level as the second quarter, but exports will continue to increase. Sources in the iron-and-steel industry expect vehicle sales to cool off in the third quarter and steel demand to be sustained in the markets for home appliances, small-diameter tubing and wheels.

## Foundry Work

Production: Increased 15.4 percent in the second quarter, with a total of 292,444 tons. As these companies have only insignificant amounts of finished-goods inventories, it can be said that sales were practically equal to output.

Exports: Increased 31.4 percent in volume during the second quarter, compared with the January-through-March period, and 19.8 percent in value.

Problems: "These apparently favorable results," comments an industry source, "are due mainly to the closing of 96 foundries in the last 12 months, whose orders were 'transferred' to other firms."

Employment: The level of employment fell 2.1 percent in the quarter, from 63,701 workers in March to 62,332 in June.

Prospects: Traditionally, the July-through-September period is one of lower output, and there are no reasons to suppose that this pattern will change in any way.

## Food Industry

Production: Despite temporary restrictions faced by some sectors of the food industry, production and sales exceeded first-quarter results. In the soybean

complex, at the beginning of the crop year, production and sales were also greater in the second quarter. Some firms had production declines of as much as 20 percent.

Exports: The sector's foreign sales increase seasonally beginning in March, but the maxidevaluation of the exchange rate also had beneficial effects.

Problems: Very high financing costs, reduced consumption of more-highly-processed products, increased costs of inputs and transportation and heavy rains in the South, with crop loss and problems of raw-material (soybeans) quality. Economic recession is causing increased idle capacity in the sector, reduction of investment and higher unemployment.

Prospects: Expectations of industry sources are varied. Some believe the food sector will maintain its levels of output and sales in coming months, but others foresee lower sales in the domestic market and higher rates of idle capacity and unemployment. Under such circumstances, possibilities for sales growth rest solely on the foreign market.

#### Electro-Electronics

Production: During the first half of 1983, the level of activity in the electro-electronic industry fell 10 percent in comparison with the same period last year. The performance of the various sectors was as follows: electronic components, down 10 percent; industrial equipment, down 15 percent; generation and transmission equipment, down 18 percent; telecommunications equipment, down 20 percent; household appliances, up 10 percent; sound and image systems, down 20 percent; and data processing, up 10 percent.

The industry's second-quarter performance can be evaluated by the table below [on next page].

Exports: Despite the maxidevaluation, foreign sales were less than last year. In the first 4 months of the year, the electro-electronic industry exported \$189.5 million (compared with \$225 million in the same period of 1982).

Problems: The industry faced various problems in the second quarter, including high financing costs, fewer orders from state enterprises, narrower profit margins (because of price-control policies), difficulty in getting CACEX [Foreign Trade Department] to approve import licenses and extremely high delinquency rates in payments due from various agencies of direct and indirect public administration.

Employment: The available information indicates a decline of 4 percent in the number of persons employed by the industry (comparing the total on 30 May 1983 with the number employed on 31 December 1982).

#### Real Estate Market

Production: There are no figures, but the output of housing units certainly continued to decline in the April-through-June quarter. Sales were also off sharply. In some firms, however, sales increased by virtue of reducing prices by as much as 20 percent. According to industry sources, "in some cases the units were sold for less than their replacement cost."

## Latest Trends in Electro-Electronic Industry

Sector	Sales Trends and Prospects			
				Forecast:
	2d Quarter 1983 Compared with 2d Quarter 1982	2d Quarter 1983 Compared with 1st Quarter 1983	1st Half 1983 Compared with 1st Half 1982	3d Quarter 1983 Compared with 3d Quarter 1982
Antennas	-20%	-25%	-17%	No change
Portable Household Appliances	No change	+29%	+ 2%	+ 6%
Household Electronic Equipment	-25%	+ 4%	-21%	Down
Electronic Components	-10%	-10%	- 8%	-10%
Air Conditioners	+ 9%	- 1%	+16%	-20%
Medium- and High-tension Circuit Breakers (Output)	-40%	-20%	-40%	Down
Telecommunications Power Equipment: New Orders	-30%	-65%	- 2%	-44%
Output	-30%	-65%	- 2%	-44%
Electrical-circuit Equipment for Vehicles	+ 5%	+ 5%	+10%	-10%
Handheld Power Tools	No change	No change	+ 5%	- 5%
Electric Ranges	+10%	+11%	+11%	+17%
Industrial Electric Furnaces: New Orders	-40%	+16%	-28%	Up
Refrigerators	+ 2%	-17%	+14%	-15%
Transformers (New Orders): Distribution Transformers	-30%	No change	-50%	-40%
Power Transformers	-60%	-25%	-70%	-30%

Problems: The sector's performance was affected negatively by the higher unemployment, the wage squeeze, financial speculation and the complete lack of financing for production and sale of real estate. Another negative factor was the high (130 percent) rate of adjustment on BNH [National Housing Bank] mortgage installment payments.

"Starting in May," a real-estate source asserts, "the screws have been tightened on the market."

Prospects: Generally speaking, it is believed that the sector's results will be even worse in the third quarter.

### Banks

Activity: In the second quarter of 1983, demand deposits performed well, with a nominal increase of 38 percent, compared with an inflation rate of 30.8 percent. In the first half, however, the behavior of these deposits was quite different,

increasing 32.5 percent in face value while the inflation rate was 67.3 percent. There was thus a real decline of 20.8 percent.

Time deposits in the April-through-June period increased 32.3 percent in face value, but during the first half, with a nominal increase of 63.8 percent, they could not keep pace with inflation and registered a real decline of 2.1 percent.

Total loans in the second quarter increased 27.9 percent in nominal terms, which represented a 2.2 percent drop in real terms. In the first half they increased 64.9 percent in face value, representing a 1.4 percent decrease in real value.

## Agriculture and Livestock

[By Olivier Udry]

This year's harvest of major crops shows large declines. Few products performed satisfactorily, partly due to climatic problems during the quarter and partly due to the reduction in planted area, which had been predicted as early as last year.

Brazil will import about 500,000 tons of rice. The government, through the Production Financing Company (CFP), will probably make its stocks available to keep the market supplied, although this does not mean that consumer prices are likely to slow their rising trend of the last 2 months. The CFP will also make corn available, in order to help keep prices (already above 4,000 cruzeiros per bag) steady, and also beans, the latter being the carryover from the 1981-82 crop year, of rather uncertain quality. The rice is also likely to be of medium to poor quality and in any event will not be sufficient to maintain an orderly market and stabilize prices.

The major news items during the quarter were, for agriculture, of a financial nature. The government tried to instill more confidence in the producers, but so far the reaction has been one of extreme caution, leading one to the belief that the next harvest will not fail to present significant problems. Money for short-term financing was more abundant, although much more expensive, now costing 85 percent of monetary correction plus 3 percent interest. In compensation, the government expanded rural insurance, but there again interest rates were somewhat higher. Basic Operating Values were adjusted by an average of 135 percent, with some crops, such as rice, beans and corn, being more favored.

The situation of other agricultural inputs is critical. Fertilizer companies are almost completely out of stock and will have trouble assuring an adequate supply for the next planting season. Protectant manufacturers are more demanding financially of the producers and prospects for tractor manufacturers remain uninspiring, despite establishment of the Agricultural Investment Program (PROINVEST). There is already a shortage of seeds for some crops, notably cotton and black beans.

Coffee producers had a fairly difficult quarter, as the IBC [Brazilian Coffee Institute] continued to monopolize the market, not holding any auctions until early August. Cotton continued to be troubled by the "bicudo" [grosbeak or jacamar] and the inefficiency of federal authorities permitted the pest to reach the Northeast, forcing interdiction of some important areas for planting.

Soybeans have had a better performance, due mainly to high prices in international markets because of a smaller U.S. crop and climatic problems. A much smaller area was planted to wheat, and Brazil's next crop should be 1.6 million to 1.8 million tons, according to Banco do Brasil forecasts.

In livestock, prices for live cattle rose significantly, with an arroba [about 15 kilograms] costing 11,000 cruzeiros, mainly because of a delay in providing funds for storage. There was no shortage of the product, but consumption fell due to the erosion of purchasing power. Pork prices also remained high, with an arroba costing about 8,800 cruzeiros. Climatic problems were also a factor, greatly reducing output in the southern states (especially Santa Catarina) and consequently reducing supply in the Sao Paulo market. Poultry prices remained relatively firm but were affected, as were pork prices, by the high price of corn.

There are great expectations for the coming crop year, but if present conditions persist it is almost certain that the authorities will not be in a position to announce a bumper harvest for 1983-84. It would be a significant enough step to merely recoup the grain production lost this year, forecast as almost 6 million tons. With the liquidity problems in the market, the government may be forced to make another change in the rules for rural credit. If this occurs, it will probably be in September and will depend upon the course of the recession in coming months.

#### Rations

Production: Fell 5.3 percent from that of last year's second quarter, which is the most valid comparison for this sector.

Problems: The rations industry has suffered the consequences of lower employment levels and erosion of purchasing power for the middle class and wage-earners, which caused consumption of meat, eggs and milk to decline. The second quarter was also characterized by occurrence of unusual situations, in which certain raw materials had exceptionally high prices. Corn, for example, rose from 2,650 cruzeiros to 3,600 cruzeiros (for a 60-kilogram bag) in the month of June. This increase narrowed profit margins in the industry, which is not able to pass its costs along to its clients. The current recession caused some bankruptcies in the sector.

Prospects: The third quarter may be good for the rations industry, due to the probable increase of supplemental rations for dairy cattle during the offseason. However, this improvement could be annulled by the reduction in the number of animals, especially hogs, as a result of floods in the South.

#### Fertilizer

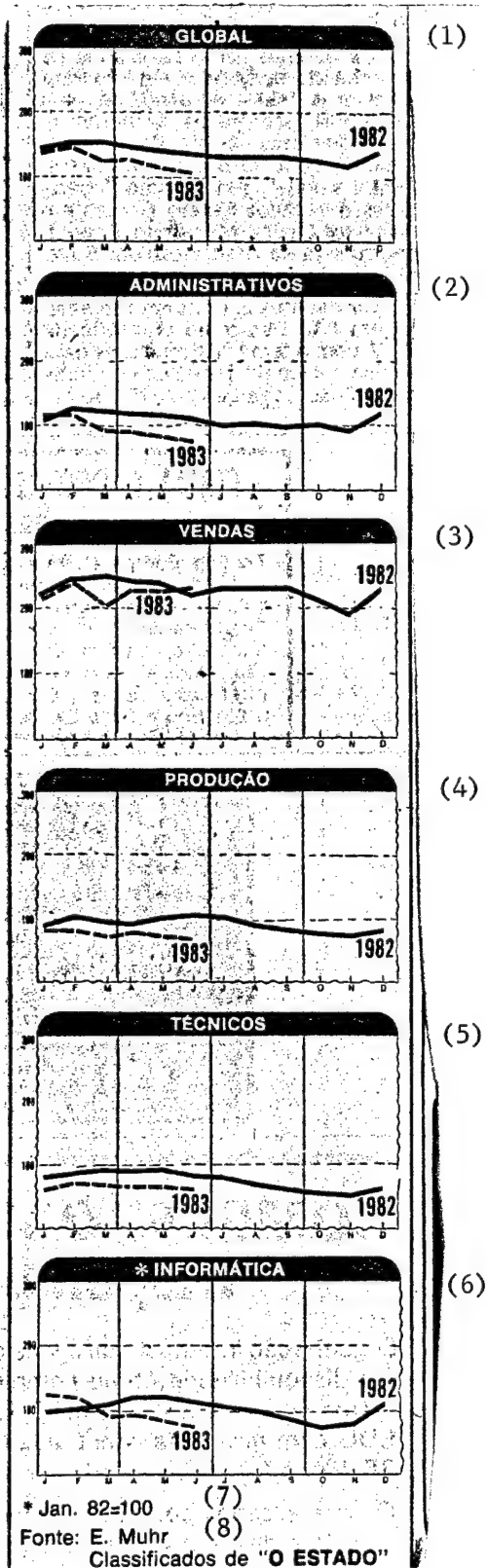
Production: Limited, in private firms, by the high costs of financing inventories; in the state enterprises production is increasing steadily, with growing problems of storage space. Deliveries to farmers were 30 percent lower in the second quarter, due to the seasonal variation of demand, especially among fruit and vegetable farmers and winter grain producers, who reduced their planted area. Sugarcane sprouts were offered for sale, as farmers postponed decisions about coffee, citrus and summer crops.

Job Openings (Quarterly Moving Average)  
(1965-67 = 100)

Key:

1. Aggregate
2. Administrative
3. Sales
4. Production
5. Technical
6. Data Processing
7. January 1982 = 100
8. Source: E. Muhr

O ESTADO DE SAO PAULO  
Classified Advertising



Exports: Very insignificant, although there were sales by state enterprises to foreign brokers, with advance payment for future delivery.

Problems: The recession in the quarter delayed deliveries due to lack of either industrial or agricultural financing. This delay could result in a shortage of product and/or transportation when planting begins, creating risks for the yield of the 1983-84 crop, for which another reduction in planted area is expected, mainly for rice, due to the delay in opening up the Cerrado region.

Other problems persist: delayed payment by farmers, causing the fertilizer firms to resort to high interest rates; the incompatibility between raw-materials prices and finished-goods prices charged by the state enterprises, without any relationship to costs; and the new and unrealistic system of price controls.

Employment and Investment: The employment level declined slightly in the second quarter, but should improve in the July-through-September period, when there will be a significant increase of output and sales, as this is the principal consuming period. Investments are almost at a standstill, with delays in projects such as those for phosphoric acid in Camacari, Bahia, and potassium in Carmopolis, Sergipe.

Prospects: Demand for fertilizer should increase in coming months, due to higher prices for agricultural products caused by the smaller crop, which should improve the terms of trade with fertilizer.

#### Advertising

Activity: There are some indications of lower billing by the agencies, which has not been keeping up with inflation. The sector's activities were affected unfavorably by the current recession, with some agencies reporting real declines of 10 to 15 percent in their volume of business. The sector's businessmen have been making efforts to retain personnel, but employment has decreased.

Prospects: Despite the uncertainties about the economy's performance and the probable persistence of many problems that affected the sector's performance, such as the adverse psychological impact of the government measures, agency sources think the situation may improve somewhat in the third quarter.

8834

CSO: 3342/165



## SIGNIFICANT DROP IN FOREIGN TRADE REPORTED

Bogota EL TIEMPO in Spanish 25 Jul 83 p 5-C

[Text] The overall volume of the country's foreign trade underwent a considerable decline during the first half of this year, compared to the same period last year, according to provisional figures provided by the Colombian Foreign Trade Institute (INCOMEX), and by the Bank of the Republic.

According to INCOMEX, which keeps track of import and export records, commercial activity declined by 9.7 percent in the first 6 months of the year. As of 8 July 1983, registered imports and exports totaled \$4.173 billion, as opposed to \$4.624 billion for the same period of 1982. Broken down between imports and exports, the former fell by 9.4 percent and the latter by 10.5 percent.

According to the Bank of the Republic, which keeps track of cash payments for exports and drafts for imports, the value of trade had fallen by 11.6 percent as of June 17. Payments for exports dropped 10.7 percent, while drafts for imports declined 12.3 percent.

The balance of trade, says INCOMEX registered a deficit of \$1.463 billion in the first half of the year. In the same period of last year, the deficit totaled \$1.596 billion.

The drop in foreign trade is the fruit of the economic recession, both domestic and international. The latter, in fact, has been responsible for a major decline in demand for our exports and for a deterioration of the terms of trade, both situations being reflected in the value of our sales abroad. Particularly important is the decline in exports of products other than coffee, caused by the border crisis among other factors. From a total of \$663 million in 1982, the total fell to only \$573 million this year, a 13.6 percent decrease.

But no less important has been the drop in the value of registered coffee exports. From \$850 million in 1982, this figure went down to \$782 million this year, an 8 percent decrease. In this case, the fall in coffee prices on world markets has been decisive.

According to information compiled by the Bank of the Republic, the average price for "other smooth" coffees on the New York market for the first half of

1982 was \$1.43 per pound. In the first 6 months of 1983 that price was \$1.26 per pound. This represents a decline of 12 percent in the price, which explains the lower total value of coffee exports.

The domestic recession, in turn, explains much of the decline in imports, although in this case it is necessary to take into account the measures taken by the government to restrict imports of many products considered of low priority for the country.

Reimbursable imports (those which ultimately produce an effective drain of dollars from the country) dropped by 11 percent during the first 6 months, from \$2.653 billion in 1982 to \$2.359 billion this year.

Other imports (non-reimbursable and those under special programs), on the other hand, showed similar totals in the two periods under consideration (\$458 million). This means that the government's restrictive measures have partially achieved the goal of defending the country's reserves.

The prospects, however, do not point to a substantial improvement in foreign trade. It is possible that the strong recovery shown by the U.S. economy could lead to an increase in demand for some exports other than coffee.

As for coffee, it is difficult to envision a short-term rise in prices, given the problem of overproduction in the world, not to mention the quotas set by the International Coffee Agreement.

Imports, for their part, can hardly be reduced further. On the contrary, if the world recovery permits an improvement in the national economy, imports could surge, at least in terms of the recorded levels.

The balance of trade, then, according to all calculations, will continue to exert strong negative pressure on the volume of the country's international reserves this year.

8926

CSO: 3348/611

## ISRAELI EXPORT INSTITUTE DIRECTOR VISITS, OFFERS TECHNOLOGY

Bogota EL SIGLO in Spanish 29 Jul 83 p 10

[Article by Lucy Diaz]

[Text] Israel is willing to increase its volume of trade with Colombia by buying Colombian food and energy products, and in return, selling agroindustrial and energy technology and some finished goods.

At present Colombia imports \$6.501 million worth of goods from Israel, and exports approximately \$1.171 million, with a significant deficit in the balance of trade for Colombia.

Rami Gutt, director of the Israeli Export Institute, who is in this country on an official visit, explained that his country is seeking an increase in the volume of trade with Colombia to make up for the imbalances between the two nations' trade.

Explaining that national products could be in demand in his country, Gutt indicated that Colombia could fulfill Israeli needs for raw materials for its industry, and energy products which it needs urgently.

#### Mechanisms

Among the products in demand, he listed the following:

Rice, cotton, sugar, coal, petroleum derivatives and coffee.

Gutt explained that Israel has its own technology, developed in a national effort, and that under such circumstances it is an industrialized country at this time with a modern agriculture.

In return, he offered to sell Colombia the following services:

Irrigation systems: the ultramodern technology of simultaneous drip irrigation and fertilization that has enabled Israel to convert the arid deserts of the Bedouins into fertile fields.

Use of solar energy, dehydration of vegetables (preserves), and communications technology.

It should be noted that a high percentage of Colombia's present imports from Israel are for the maintenance and repair by that country of the squadron of Mirage jets belonging to the Colombian Air Force.

Gutt indicated that Israel sees improved potential for trade in Latin America through Colombia, given the conditions there; it offers that country sufficient guarantees because of its political stability and the increasingly important role it is playing in regional affairs.

Aside from that factor, and reinforcing this assessment, Gutt also stressed Colombia's unique situation as a country that, amid a generalized economic crisis in Latin America, manages to maintain solvency in its foreign debt commitments, while keeping the volume of indebtedness at a moderate level.

According to Gutt, Colombia seems to Israel to be the most solid country under the present economic circumstances, a definitely reliable trade partner.

#### Affinities

In addition, Gutt stated that there are cultural affinities, in the first place because of Colombian Jews in Israel with national links to both countries, and the extensive Latin American Jewish community that is a part of its nearly 4 million inhabitants.

The possibilities for the future are wide open, and in view of that a Colombian-Israeli Chamber of Commerce will be created.

The overall trade of both countries totaled \$7.672 million last year.

Israel is willing to buy \$100 million worth of Colombia's basic exports over the next 2 years.

This sum should be counterbalanced with imports by Colombia.

The above means expanding commercial relations between the two nations to an extent that goes beyond the statistics, and that in percentage terms would be astronomical.

The two governments will negotiate regarding these intentions over the next few days.

Despite the open possibilities that could be astounding percentage-wise, the situation can be explained by the extremely low rate of trade that the two nations have now, which could be expanded.

8926

CSO: 3348/611

## DANE REPORTS FIRST QUARTER PRODUCTION, EMPLOYMENT FIGURES

Bogota EL TIEMPO in Spanish 25 Jul 83 pp 1-A, 7-A

[Article by Carlos Pineros]

[Text] Employment, sales and wage payments in the commerce sector dropped during the first quarter of the year, while employment and production in manufacturing dropped as well, with an increase in wages in that sector, reported the National Administrative Department of Statistics (DANE).

The most seriously affected areas, in any case, are employment, production and sales. Even the sector with the best results for production and wages, the tobacco sector, experienced a rise in unemployment.

Employment fell by 1.49 percent; payments of wages and benefits dropped 0.22 percent; and sales in constant prices also declined 3.82 percent, in retail commerce.

In constant prices, sales fell by 15.83 percent for vehicles and spare parts; 8.02 percent for furniture and domestic appliances; 3.93 percent for clothing and shoes; and 2.11 percent for general merchandise.

Employment declined 6.61 percent (2.61 percent for white-collar and 8.30 percent for blue-collar workers); the average real wage rose by 6.20 percent (4.67 percent for white-collar and 5.78 percent for blue-collar workers); and real production dropped 1.40 percent in manufacturing during the first 6 months of the year, compared to the same period of 1982.

The situation in commerce and manufacturing can be explained, according to experts in both sectors, by the fact that the last gasps of the recession are still being felt. Another explanation lies in the fact that the announcement of new, major public investment to generate employment and provide resources to stimulate demand has not been reflected in events, and all this leads to the conclusion that the administration has been more cautious in the face of the specter of inflation.

The expansion of the Urban Financial Fund from 3.5 billion pesos to 10 billion pesos to promote labor-intensive public works as an immediate corrective to

the growing unemployment in Medellin, Cali, Barranquilla and other cities, has not borne fruit.

This has boosted unemployment, which was at 10.8 percent as a national average in March (after the expansion of the aforementioned fund), to 12.2 percent in June.

Between March and June, unemployment climbed from 12 to 15.3 percent in Barranquilla; from 7.9 to 9.4 percent in Bogota; from 11.5 to 11.8 percent in Cali; from 17.1 to 18.5 and 18.2 percent in the metropolitan area of the Valle de Aburra and Medellin; and to 19.5 percent in the rest of that region.

#### Industrial Employment

Unemployment in the wood furniture manufacturing sector rose by 15.74 percent; in clothing manufacturing, 13.46 percent; in metal products, with the exception of machinery, 11.94 percent; in glass and byproducts, 11.65 percent; in basic non-ferrous metals industries, 10.79 percent; in textiles, 10.33 percent; and in miscellaneous industries, 14.82 percent.

In all the other industrial areas polled by the DANE, with the exception of printing, publishing and related firms, unemployment rose during the first 3 months of the year.

The sectors consulted include the production of food, beverages, tobacco, leather, etc.; shoes, wood, paper and paper products; chemicals, byproducts of petroleum and coal; rubber products, plastics, objects of clay, crockery or porcelain; non-ferrous minerals, basic iron and steel industries, and machinery, except for electrical; electrical appliances, transportation material, professional and scientific equipment.

There are some sectors, however, where employment dropped and production and even wages rose. The tobacco industry showed special signs of a boom, where unemployment rose 5.58 percent; real wages by 64.85 percent; and real production by 26.85 percent.

#### Production

Real production of leather and leather products declined by 18.49 percent; clothing production fell by 15.62 percent; in the wood industry by 15.30 percent; non-electrical machinery by 12.91 percent; metal products, except for machinery, by 11.96 percent; printing, publishing and related industries by 9.19 percent; rubber products by 7.40 percent; machinery and electrical appliances by 8.55 percent; paper and paper products by 7.07 percent.

The rest of the productive sectors included in the DANE statistical report experienced declines in the first 3 months of 1983.

Wages dropped in the basic industries of iron and steel by an average of 4.40 percent (2.68 percent for white-collar and 6.62 percent for blue-collar workers).

Employees saw their real wages drop by 3.41 percent in the leather and leather goods industry, although in nominal terms their pay rose by 18.22 percent.

Employees of the wood furniture industry also suffered a decline in real wages of 0.22 percent, though in nominal terms they received a raise of 22.27 percent.

The payroll, in terms of real wages, declined by 1.69 percent for personnel in the petroleum derivatives industry, with a nominal increase of 20.39 percent.

The most seriously affected employees are those of the non-electrical machinery industry, whose wages declined by 13.83 percent, although they received a nominal raise of 5.55 percent.

In addition to the workers of the basic iron and steel industries, shoe workers also saw their wages drop in real terms by 1.20 percent, while they received a raise of 20.79 percent in nominal terms.

The difference between nominal and real terms lies in the fact that wages go up by a certain number of pesos (nominally), while the real value of those pesos is calculated by excluding inflation. For example, a year ago an egg was worth 5 pesos and the minimum wage was 8,400 pesos; now the egg sells for 8 pesos and the wage is 10,000 pesos. With the first wage one could buy 1,680 eggs; with the new wage, 1,250 eggs. While the first wage was lower than the second one, its buying power was greater. That is the difference between nominal and real value.

According to the DANE report for June, the remaining industrial sectors readjusted wages. In real terms, the largest raises were in tobacco, with 64.85 percent; professional and scientific equipment, 12.04 percent; and paper and paper products, 10.02 percent. The rest were below that.

8926

CSO: 3348/611

## VIOLENCE INCREASES ALONG BORDER WITH NICARAGUA

## Mora Valverde Statement

Managua EL NUEVO DIARIO in Spanish 23 Jul 83 pp 1, 8

[Text] San Jose, Costa Rica (By Telephone)--The citizens of Costa Rica are beginning to be seriously concerned following the firing of shots in the early morning hours Friday at a penal institution in the vicinity of this capital, which follows other events tending to confirm that the traitor Pastora's counterrevolutionaries are using terrorism to subjugate the public in this country.

At approximately 2 am on Friday, shots were fired at the Central Fort of the Social Rehabilitation Unit on the San Sebastian highway, apparently in an attempt thus to exert pressure to win the release of four Nicaraguan counterrevolutionaries who are incarcerated there on charges of murdering the Costa Rican citizen Carlos Hernandez Robles.

This unfortunate Costa Rican peasant was machine-gunned by the four Somoza agents while navigating in a rowboat near the Chica de Los Chiles Island.

## Obvious Murder

The murder was so plain to all that the OIJ had to go to a camp maintained by the traitor Pastora's counterrevolutionaries to arrest the four men responsible.

They arrested the four defendants, but the camp continued to operate as if nothing had happened.

Those arrested were taken first to San Carlos de Heredia, and on Wednesday they were transferred to San Jose and placed in the penal unit mentioned above.

Less than 48 hours later, the shooting attack occurred.

A guard had to throw himself to the ground to avoid becoming a target of the bullets, the unit administrator, Guillermo Ugalde, reported.

Both Marino Fagot, the director of the National Penitentiary System, and Ugalde told journalists that they are sure the attack was a reprisal by the



counterrevolutionaries because of the fact that their four comrades were arrested.

That same Friday, the four defendants, who will for a certainty be tried by the Costa Rican authorities, were transferred to the special prison security unit.

Ugalde said that it was impossible to identify the attackers, nor could authorities confirm reports that they used a red vehicle or were on foot.

#### Kidnapping Attempt

In another connection, Eduardo Mora Valverde, a former deputy and member of the political commission of the Popular Vanguard Party, sent a letter to President Monge reporting an attempt to kidnap his little 2-year-old granddaughter, in reprisal for his party's denunciations of the criminal activities of the Nicaraguan counterrevolutionaries on Costa Rican territory.

Mora explained in his letter that he had received telephone calls threatening him with vengeance because of these denunciations of the activities of the Somoza agents.

On 19 July, the father of the little girl, Jose Merino, had attended a demonstration in support of the Sandinist People's Revolution opposite the Nicaraguan embassy in San Jose.

He spoke at the meeting, protesting the presence of the Somoza agents in Costa Rica.

The kidnapping attempt occurred on the following day, the 20th.

A strange telephone call was received at the nursery where the little girl had been left, stating that someone other than a member of the family would be coming to pick her up.

Fortunately, the teacher was suspicious and called the family, thus frustrating the kidnapping.

#### Serious Denunciations

Last Tuesday, the secretary general of the Popular Vanguard Party, Manuel Mora Valverde, speaking at a press conference, denounced the complicity of certain Costa Rican authorities, in connection with the traitor Pastora's counterrevolutionary agents.

Mora said that the counterrevolutionaries have embarked upon terrorist activities.

They are trying to create terror in the northern part of Costa Rica to provide a pretext for the establishment of a foreign (presumably peace) force there, which would be manipulated by the United States to "exert pressure on Nicaragua through the south."

Mora said that some politicians and government officials are participants in these plans.

#### Assassinations

In their campaign of terror, Mora said, the Nicaraguan counterrevolutionaries, with the complicity of some Costa Rican authorities, have already murdered four members of the Popular Vanguard Party in the northern part of Costa Rica.

Speaking about the Costa Rican politicians who encourage these activities, he said that "they are being judged by fire." "Terrorism is very dangerous. All Costa Ricans could be sucked in by this whirlwind," he said.

He stated that the Popular Vanguard Party has never sponsored terrorism, but that it is determined "to defend itself against its enemies on any terrain."

Mora stressed that because of the authorities' tolerance, "Costa Rica has lost its national sovereignty in the northern zone." Vanguard deputy Arnaldo Ferreto, for his part, said that "the counterrevolutionaries want to intimidate us and provoke a clash. If the government does not take prompt and forceful action, the people will have to take their defense into their own hands."

#### The Victims

Apart from Carlos Hernandez Robles, Mora spoke of the murder of Antonio Mendoza, a resident of Fatima de Upala, who was assassinated on Sunday, 17 July, while returning from the capital.

He got off a bus in San Jose de Upala and started for Fatima on foot.

He was machine-gunned in the back by Nicaraguan counterrevolutionaries at a bridge in the heart of Fatima. The whole town, horrified, saw the crime.

He was one of those who had protested the violation of Costa Rican territory.

Manuel Gutierrez, who had made similar denunciations, was machine-gunned early in May and is still hospitalized.

Alejandro Aguilar, another member of the Popular Vanguard Party, protested the presence of the counterrevolutionary camps at a meeting, and shortly afterward he was found dead, also the victim of machine gun fire.

Other members of the Popular Vanguard Party in the northern zone of Costa Rica have been threatened by the Somoza agents. These members include Pedro Trana, Jose Adrian Salguera, and Faustino Jaen.

In view of these facts, the peasants of Upala have stated that "if the government does not act, if it continues to tolerate these crimes, we will defend ourselves."

## Vice Minister Implicated

At his press conference, Manuel Mora indicated that Vice Minister of Government E. Chacon is in cahoots with the traitor Pastora.

Mora said that Chacon meets frequently with the traitor and other Somoza agents.

The party leader said that the counterrevolutionary camps are plain for all to see in Fatima, Quebrada de los Patos, the Simon Rodriguez estate in Upala, and the Eulalio Diaz estate in Cayo Negro.

The locations in Los Chiles include the estate of Ovidio Hernandez in Berlin and Climaco Salazar's Chalupa Estate.

He reported that the counterrevolutionaries have a hospital on the property of landowner Alejandro Arguello in San Jose de Upala.

He said that Victor Gonzalez is the brother of Rolando Gonzalez, one of the owners of the Gonzalez Warehouse in Cartago, and is a friend of the traitor and collaborates with the counterrevolutionaries.

Enrique Orozco, he added, has transformed the Red Cross branch in Upala into a center for the recruiting of counterrevolutionaries.

In that same area, the counterrevolutionaries meet at the Mocabu Cafe owned by Francisco Bustos.

At Alvaro Tijerino's Isabel establishment, criminal plans are plotted against the Costa Rican citizens who denounce the camps.

He also said that the counterrevolutionaries have a safehouse in Rohmoser, to the west of San Jose; another in Escazu, 100 meters to the north of the La Cascada Restaurant; another almost opposite the Las Pulgas Market on the road to Escazu; and yet another in Guaría Oriental, Moravia.

## Spy War in North

San Jose LA NACION in Spanish 26, 27 Jul 83

[Article by Lafitte Fernandez R.: "Violence, Spy War in North; Government Announces Measures to Halt Violence"]

[26 Jul 83 p 4A]

[Text of part one] Upala and Los Chiles--A dark and bloody war between spies and collaborators with the regime in Managua and those fighting them has been waged in these districts for some time, in the midst of a whirlwind of violence which thus far has left at least five people dead.

This clash is the result of the activities of complex espionage networks which were established here as a reaction to the struggles undertaken by hundreds of guerrilla fighters against the troops loyal to the Sandinist commanders, a few kilometers from the frontier region.

These clandestine organizations are supported by local leftist groups or by the rebel forces themselves, and they are factions in a battle which have areas of influence and death over which the local authorities have no control.

To the list of crimes can be added a series of frustrated attempts, death threats, deprivations of freedom, forced transfers to Nicaraguan prisons, with intensive interrogation, and even the burning of homes, all of which is keeping many residents of the region in a state of terror.

Among the victims of assassination are former activists in the Popular Vanguard Party, who allegedly became spies for the Sandinists, responsible for reporting the positions of the guerrilla fighters led by Eden Pastora and his collaborators.

In some cases these individuals are forced to cross the frontier, where they are "executed," increasing the fear of those who live near Nicaraguan territory.

#### Origins of the Problem

When the Nicaraguan rebels began more than a year ago to create centers of rebellion in the southern region of Nicaragua, in order to combat the Sandinists, many of the Costa Ricans living in Upala, Los Chiles or small nearby settlements came to believe that they should help them, as occurred in 1979.

The majority of the settlements are no more than 15 kilometers from the boundary line, in a territory ending at Nicaragua Lake, and in which there is now almost daily fighting.

Those who collaborate with the Nicaraguan rebels in various ways are many, almost a majority. Some even risk crossing the frontier to take food supplies to the guerrilla fighters or to provide aid if they are wounded in combat.

Other factors are contributing to strengthening these bonds, for example the fact that the residents of Los Chiles and Upala are naturalized Costa Ricans who have lived for a long time in Nicaraguan territory.

In other cases, some families have seen that some of their members have decided to fight with the rebels, which still further strengthens collaboration.

But just as collaborators with Pastora's men live in this broad frontier area, there are along with them individuals who support the regime in

Managua, or who over a long period of time have defined their position as Marxist-Leninists and who are on the list of members of the Popular Vanguard Party.

It is within both groups that the speedily developing spy networks which are the reflection of the Nicaraguan domestic war have their origins.

As Pastora's men are spread out over this territory which ends at Nicaragua Lake, and are constantly coming and going near the boundary line, the "spies" who check on these movements from Costa Rican territory and provide speedy reports on the positions of the enemy are very valuable to the Nicaraguan authorities.

However, any plan of this kind would involve various problems if an effort were to be made to pursue it with unknown individuals or people sent from Nicaragua.

As the Costa Rican frontier settlements are small, any stranger is readily recognized and his activities would be carefully monitored by the enemy spies. In addition, if they are unfamiliar with this zone (forested and mountainous), they could not achieve what is expected of them in their tasks.

It is for this reason that some local investigators say that little by little the members of the Popular Vanguard Party must have begun to spy on the activities of those supporting the rebels.

The National Security Agency itself has in its possession reports of "suspicious nighttime visits" to these activists by individuals who come from San Jose to talk with them.

At the same time, groups of spies are also formed among the supporters of Pastora to monitor the activities of those presumed to be collaborating with the Sandinists from Costa Rican territory, so as to report their positions or hinder their work.

Those who participate in this dangerous game of dispatching information to the Nicaraguan government troops use various means of carrying out this task.

In Upala, it is said that some of them even carry communications equipment (walkie-talkies). Others simply walk 10 kilometers or more to meet with the Sandinists on Nicaraguan territory and turn over their information. Those who aid the rebels are said to use similar methods. And it is precisely when they are carrying out these tasks that they may be intercepted by their enemies and recognized for what they are.

#### Deaths

What has concerned the local authorities most is that for the past 5 months, the work of the spies has degenerated into a series of clashes in which foreigners participate and which have caused the death of some five persons.

Some of the cases have not yet been clarified by court investigators, but the deaths are publicly known.

Manuel Delgado was shot to death in San Ramon de Upala. It is said that he collaborated with the Sandinists.

Julio Cesar Espinoza was shot to death on 26 July in San Ramon de Upala. His body was found near the boundary line. His death is attributed to some of the members of the Sandinist People's Army.

Antonio Mendoza Mendoza was assassinated in San Jose de Upala a few days ago. He was a known member of the Popular Vanguard Party.

Roberto Sandoval was murdered in Las Tablillas de los Chiles on 26 June last. It is said that he collaborated with the Sandinists.

Carlos Hernandez Roblero was shot to death on Chica de Los Chiles Island last 5 July. It is also said that he collaborated with the Sandinists.

#### Other Actions

Many other acts have been committed against individuals who have aided or been involved in the clashes with collaborators which have occurred for some time in the boundary region.

Horacio Noguera is a pilot living in Upala, who says he has had no contact with any group. He left his home in haste a few days ago after being warned that his airplane had been attacked. When he reached the airport in that locality, he found that his plane had been totally destroyed. It had been burned by those who regard him as an enemy.

Some other residents of this district have suffered similar damage when groups of unidentified individuals burned their homes in vengeance against some action contrary to the interests of the attackers.

All of this further contributes to frightening many of the residents of Upala, while the number of guards assigned to this district is insufficient for satisfactory execution of their tasks.

The authorities are even maintaining close surveillance over some bridges giving access to this district, as well, after receiving information that some individuals viewing these sites as important to the activities of the rebels might blow them up.

In addition, there is a report circulating in Los Chiles and Upala to the effect that the Sandinists have put a price on the heads of some estate owners who have supposedly helped Pastora's men. As a result they have been forced to hire special protection to prevent themselves from being added to the list of the strange deaths occurring in the northern region of the country.

[27 Jul 83 p 6A]

[Text of part two] The government will adopt a series of measures in an effort to halt the wave of violence in the northern part of the country involving clashes between spies and collaborators with the regime in Managua and those opposing them.

The Government Security Council will be convoked within the next few days so that its members can approve some measures making it possible to halt these clashes, which to date have left at least five dead in a period of 5 months.

The decision to convoke the council was approved yesterday by Minister of Public Security Angel Edmundo Solano and Minister of Government Dr Alfonso Carro, after a meeting held to discuss the subject.

Dr Carro expressed the belief that there is evidence that all of this pertains to a war between individuals supporting the Sandinists and the clandestine forces combatting them in the mountains of Nicaragua, and he said that he is concerned that these clashes may become even more virulent.

The clashes involving spies have occurred mainly in the districts of Los Chiles and Upala, as a result of the activities of the complex spy networks which developed there after the outbreak of clashes a few kilometers from the boundary area between the forces supporting the government of Nicaragua and the hundreds of rebels led by Eden Pastora.

These organizations are supported by local leftist groups and by the rebel forces themselves, and their battles occur in areas where the national authorities have no control.

#### Report

It was learned yesterday that officers of the Intelligence and Security Directorate (DIS) are drafting a report on the situation which is being observed in the northern part of the country, for the information of some of the highest local officials.

The first part of this report, the text of which was not released yesterday, has already been submitted to Minister Solano.

Dr Carro explained that explained that the Rural Aid Guard, which is sponsored by his ministry, has for some time been quartered at localities some distance from the boundary line, and that it is the Civil Guard which has responsibility for safeguarding that area.

However, he explained that these units are prepared to undertake coordinated action with the Civil Guard to halt the wave of violence which has now terrorized many residents of the region.

To the list of crimes must also be added a number of frustrated attempts, death threats, deprivations of freedom, forced transfer to Nicaraguan prisons

with intensive interrogation, and even the burning of homes, which has increased the fear from which these residents suffer.

The victims of assassination include former activists in the Popular Vanguard Party who had supposedly become spies collaborating with the Sandinists to report on the guerrillas headed by Eden Pastora. However, some of the sympathizers with the rebels have also been murdered.

"The phenomenon is real," Dr Carro stressed, "and is the result of support of one side or the other, and we are concerned that a chain reaction may develop, with a series of vendettas leading to more deaths."

#### Spies

After the first of Pastora's men appeared in the southern part of Nicaragua, sympathizers with his group who gave them logistic support from our national territory (sending food, caring for some of the wounded) also emerged.

These activities may have forced the activists in the Popular Vanguard Party in Los Chiles and Upala to become spies for the Sandinists, because they share the current process in Nicaragua with them.

It is between these two sides that the clashes which are keeping the local authorities concerned occur.

Those spying on the activities of the rebels maintain a series of mechanisms enabling them to send speedy reports to the Nicaraguan authorities.

The best proof of the existence of this spy network was provided last 4 April, when officials of the governments of Nicaragua and Costa Rican met in San Juan del Sur to study their common problems.

At one point in the dialogue, Cmdr Tomas Borge, the Nicaraguan minister of the interior, began to list for the Costa Rican delegation a series of localities where supposedly the opponents were gathering (both in the northern region and in San Jose).

When he completed his statement, Costa Rican Minister of Foreign Relations Fernando Volio said only: "Apparently there remains another subject on the agenda to be discussed: the problem of Nicaraguan espionage in Costa Rica. But we will have to leave this to the readers of John LeCarre.

#### Youth Arrested by Sandinists

San Jose LA NACION in Spanish 27 Jul 83 pp 6A-7A

[Text] Miguel Angel Mejia, a young Costa Rican 21 years of age who lives in a small hamlet located near Upala, was forced by the Nicaraguan authorities to cross the boundary, and was falsely accused of collaborating with Pastora's men. Along with two of his friends, he was kept in the prisons of that



country for a month. In the last of these prisons--El Chipote--he was detained for a little over 2 weeks in a tiny cell where no light penetrated. This is his report:

"'Don't move...don't move or I'll kill you,' the Sandinist soldier shouted from the other side of the river. I did not know why he was acting in this manner, because we both knew that we were in the territory which, as all of us in Upala are aware, marks the boundary between the two countries.

I live in Fosforo, a small village located near Upala, and some hours earlier I had gone out with Marvin and Gabriel Oporto Jarquin to hunt woodcock, which is what we always do when we have a little free time.

I swear that we have never had any links with the counterrevolution, much less with the Sandinists. However, that shout was just the beginning of what led us to live for almost a month confined in dark and evil-smelling prisons, poorly fed and subject to tortuous interrogation.

'March...march or I'll shoot,' the Sandinist reiterated, just as I realized that there were several of them pointing machine guns at me. I soon realized what they wanted: to force me to cross the river so as to take me as one more prisoner of war, once I had entered Nicaraguan territory.

And all of this because I was looking for Marvin and Gerardo, since the three of us had separated to try our luck in finding the birds.

The threat was clear and I could do nothing but obey. Of course I was afraid, but finally I crossed the river. 'What were you doing there?' the leader of the group asked me. I immediately explained that I was only looking for the two friends with whom I was hunting woodcock, and I even showed them a small cage I was carrying. 'We already have one of them,' they told me.

It was true: they had also forced Marvin to cross the river a few minutes earlier. A little later, Gerardo suffered the same fate.

Then the questions began: 'Where are you headed?' 'How many of you are there?' 'Where are your camps?' 'What kind of missions are you assigned?' 'When does Pastora pay you?' 'Does he pay you in dollars?' What else could we answer but that we had nothing to do with them? What more could we tell them? It was then that one of them became angry and struck Gerardo several times in warning. 'This is to refresh your memory.' This frightened us a bit.

Did we know Pastora, they kept asking. I answered that I had only seen his picture in the papers, but none of them believed me. Finally they tired of asking me questions, but they would not let us return to our homes. Instead they ordered us to proceed with our heads down, because they were going to take us to Papaturro. At that time they gave us orders at gunpoint, and we had to obey. This was how we undertook the march.

After walking several kilometers toward Papaturro, we met with another surprise. Some other Sandinists had seized two peasants in a small wood. Their hands were tied with maguey rope and they too were accused of collaborating with the counterrevolutionaries. I do not know where they took them or what became of them. We never saw them again.

#### San Carlos

They kept us in Papaturro for 3 days. There too they questioned us at least twice a day, but they fed us well. Then we were taken to San Carlos, where they kept us for almost 7 days shut in a little bathroom. It was suffocating with all three of us in there. We could barely exchange places and sleeping was impossible in that discomfort.

The questioning continued. Who were we? Why did we fight with Pastora? Where were the camps?

We were frightened but more than that, we began to suffer due to hunger and sadness. They gave us almost nothing to eat. When we were treated best we were given something to eat once a day. The Sandinists had poor memories!

One day, in despair because for more than 24 hours nothing had passed our lips, I got angry. From the tiny bathroom I shouted: 'Comrades, please give us something to eat!' Someone answered: 'Don't whine, you dogs. Tell Pastora to feed you.' This angered me so that I reminded them that if we were there it was because they had brought us by force, compelling us to cross their own frontier, and that they had to feed us. I received no answer. Or food. The next day, they opened the door of the bathroom and a soldier gave us a little to eat. Practically laughing, he said to us: 'Good heavens, fellows, they're going to kill you with hunger on me.'

The days passed in that tiny space until one day we were told we would be taken to Managua, as indeed we were.

#### El Chipote

A plane took us quickly to Managua, after almost 10 days in captivity. As always, we had to keep our heads down, and couldn't even talk. A few hours later they took us to a place near the Intercontinental Hotel, in a Jeep. Suddenly we found ourselves in the El Chipote Prison. It is really a cruel place there!

We were taken roughly through the admissions procedure. They took our pictures. They took our fingerprints and on our files they wrote 'counterrevolutionaries.' They took our clothing and put us instead in terrible outfits like those mechanics wear, except they were grey. They also cut our hair. Then they separated us and I did not see Marvin or Gabriel again until the negotiations Costa Rican diplomats undertook in Managua got us released.

I said good-bye to them and they took me along dark passages until we reached a cell where I stayed for a little over 2 weeks, hardly ever seeing a ray of

light. I only saw light for a few minutes when they took me out to question me.

When they opened the door and someone pushed me into that dungeon (which was barely 3 meters square) I shuddered. I could not even see the palm of my hand, and it was hot enough to destroy anyone's patience. In the cell there were some wooden bunks, and if you had to perform a duty you had to do it there, in a corner. The food was also very bad. They only gave us beans and rice scraps.

I had two comrades in my cell. One was a mulatto from Bluefields who told us he had been arrested on suspicion of collaborating with the counterrevolutionaries. The other was a man who was sick the entire time he was there.

He threw up frequently and his stomach hurt him. He shouted for help but no one did anything for him. In fact I spoke little to the mulatto. Sometimes I mistrusted him, because I imagined that they had put him there to try to get something out of me. The other man seemed about to die from his ailments every day, and he could hardly speak. How the poor fellow suffered! The only thing I know was that he too was there because he was accused of being a counterrevolutionary.

#### The Interrogations

'Do you know why you are here?' a man who was an expert in interrogation asked me on the first time I was taken before him there in El Chipote. I answered that I did not know, because I had done nothing wrong. He got a little angry and replied: 'For territorial violation.' I don't know, he was the only one who dared say this to me.

'Do you know with whom you are speaking?' the man said with some arrogance. He was the one to answer: 'With Nicaraguan State Security.'

We were both in a small room with air conditioning. Therefore, I could see light for 10 or 20 minutes during each interrogation.

Then he picked up a mechanical pencil and said to me: 'Here, take this.' I took it without protest, but I gradually saw that he was watching my hands. I realized that he wanted to see if I was nervous, if I moved the pencil much, if I carried it to my mouth. But I disappointed him. I was calmer than ever.

'Your friends have already gone. I am telling you the truth. Tell us what the counterrevolutionaries are doing and we will let you go too. Don't be stupid. They'll kill you here. If you want to see your mother and your father, tell the truth,' the man said, frightening me for a time.

I told him that I believe in God and that He would get me out of there. I told him I was telling the truth and that I had nothing to do with those people, that I was a Costa Rican and that I was brought here by force.

'What God?' he asked, furious. 'This is my God,' he said, grasping the machine gun which was at his side. 'God does not exist, you see.'

They also asked me about the Costa Rican guards, mentioning them by name. They asked me if I knew them and what they were doing. The only thing I could answer was that I had never seen them, and this was the truth.

And so the days passed with the questioning, with hours and hours without seeing the light and hearing the whimpers of the poor man dying slowly in that cell, until last week, and after I had been a hostage of the Nicaraguan authorities for a month, they released me, thanks to efforts by the Costa Rican government.

It was last Wednesday when they got me out of that horrible cell. After more than 2 weeks, I saw the sun again, but only for a minute, because its rays made me nauseous, and I vomited until I could find refuge in the shade again. A woman, I think she is the Costa Rican consul, came to El Chipote to get the three of us. And when she asked me how I was, all I could tell her was 'Ma'am, a month more here and I would have died.'"

5157

CSO: 3248/1158

## SOUTHERN TRANSPORTATION STRIKE ENDS HIGHWAY PATROLS ADDED

Mexico City UNOMASUNO in Spanish 21 Jul 83 pp 1, 4

[Text] After a 9-day suspension of activities, the drivers of the United Lines of the South lifted their work stoppage today at zero hours and immediately resumed service. The drivers affiliated with the CTM [Confederation of Mexican Workers] explained last night at a special meeting that the government had given them "every facility to work," among them escort protection along the Mexico City-Acapulco highway and the firing of 360 dissident workers. With the presence of 14 patrols, the Secretariat of Communications and Transportation (SCT) "assumed responsibility" for the operation of the Trucking Exchange of the South (Tasquena) which has been kept inactive, and the 220 vehicles parked on the premises were activated to begin service.

At the same time, Major Carlos Gutierrez, of the Federal Highway Police, received the Cuernavaca installations from the hands of the drivers of the United Lines of the South. A similar event occurred a short time later in Acapulco, where it was said that service would be resumed at 5am.

Representatives of the drivers stated last night that from the start of the conflict--which they themselves characterize as inter-union--the affiliates of the CTM requested protection from the authorities in the light of alleged abuses by other workers who, according to their version, attacked the truck drivers.

The answer was released last night, when it was stated that highway patrols would be ordered to keep watch over the Mexico City-Acapulco highway in order to prevent any violent acts by the 360 workers fired by the company.

According to a representative of the Secretariat of Communications and Transportation, the Federal Highway Police will exercise care to "guarantee the safety of the users of automotive transportation along the federal highways of Guerrero and Morelos, as well as the free transportation of persons and goods, according to the provisions of the Law of General Communication Routes."

The Secretariat of Communications and Transportation stated yesterday afternoon that special precautions have been taken on the Mexico City-Acapulco highway because of the teamster disputes that have been occurring since last December, and which have caused work stoppages and the seizure of units.

Similarly, transport workers of 25 federal public freight service firms held a work stoppage right on the highway to support the movement of the workers of the United Lines of the South, which for 9 days shut down all operations on the Trucking Headquarters of the South, in the Federal District.

The means the SCT will use to protect the truckers includes, besides the 200 patrols on the highways, another 40 on the Trucking Headquarters of the South and a similar number in Acapulco and Cuernavaca.

The correspondent in Acapulco, Rodrigo Huerta, asserted that when interviewed separately, business leaders, parties and organizations, agreed in pointing out that in the truckers dispute both the former Governor Ruben Figueroa as well as the Senator and CTM Leader Filiberto Vigueras "have had a hand" in the truckers dispute. For his part, Salomon Garcia, correspondent in Chilpancingo, reported that Enrique Gonzalez Ruiz, rector of the Autonomous University of Guerrero, accused Figueroa and Joaquin Gamboa Pascoe of being "behind the work stoppage."

12448

CSO: 3248/1159

## SMALL BUSINESS SALES DOWN 40 PERCENT

Mexico City EL DIA in Spanish 18 Jul 83 'Metropoli' Supplement p 3

[Article by Cristina Martin]

[Text] Small business is in danger of disappearing and this year there is a 40 percent drop in sales, because it is no longer cost-efficient to run this type of business, and because people are no longer buying the way they did before, said the legal director of the Mexico City National Small Business Chamber of Commerce, Jose Luis Muniz Aceves.

Muniz calculated that sales for established small businesses decreased 35 percent between January and July.

When asked the reason for the public's reluctance to buy, he explained that labor's purchasing power has decreased at the same time prices have been rising, thereby causing a reduction in the standard of living.

In addition, he specified that the chamber over which he presides is made up of businessmen with a share capital of up to 10,000 pesos, who do not have enough profits "even to pay the rent."

The director of the Mexico City Small Business Chamber of Commerce (CANACO), displayed several official price lists to show how uncontrollable price increases are, which makes people stop buying even basic necessities.

In the face of this situation, the representative of the small businessman stated that they are caught in the middle: between big dealers and suppliers on the one hand, and the public, who accuse them of making products more expensive and jacking up the prices, on the other.

"This is a very beleaguered group, because the truth is that those who are hiding products are the suppliers, and the price increases are official." They depend on distributors and wholesalers."

He specified that many established dealers are turning into sellers "on the public thoroughfare" because in this way they save overhead costs of light, rent, maintenance, etc.

He also indicated that some of the small businessmen expand, change capital, and go on to become part of CANACO, but--he stated--they are the minority.

With inflation, he said, although they sell at higher prices, small businessmen still have the same profit margins and, consequently, fewer individual sales.

Then, in referring to the role of big businesses, he asserted that "wherever a big store appears, all the little stores disappear," and added that the advertising campaigns these big businesses carry on are beyond the means of small businessmen, just like supplies.

Because of the foregoing, Muniz Aceves mentioned one of the alternatives to save the small businessman, purchasing cooperatives, made up of the owners of small businesses.

Interviewed separately, the general manager of the National Union of Footwear Merchants, Manuel Romero Martinez, agreed with the figures recently given by the Mexico City CANACO, stating that as far as shoes were concerned, sales have fallen off between 20 and 30 percent in comparison with sales made in 1982.

12448

CSO: 3248/1159



## OAXACA ANTI-GUN CAMPAIGN INITIATED TO REDUCE VIOLENCE

Mexico City EXCELSIOR in Spanish 20 Jul 83 pp 4, 32

[Article by Felipe Sanchez J.]

[Text] Juchitan, Oaxaca, 19 July--In order to prevent more acts of violence in this municipality and in the region of the Isthmus of Tehuantepec, an anti-gun campaign began at 6 o'clock today, and so far approximately 2,000 weapons of various calibers have been seized or confiscated.

The campaign will prevent all sorts of confrontations having to do with the upcoming elections for local representatives on 7 August, even those in which no partiality is shown, for the government is not exclusively for the PRI [Independent Revolutionary Party], but for all the people of Oaxaca, declared the state attorney general for justice, Miguel Angel Gonzalez Labastida.

The army, the Judicial and Federal Police, the Preventive Police and other organizations are participating in the anti-gun campaign started today in Juchitan, Tehuantepec, La Ventosa, Salina Cruz, Chicapa de Castro and other towns in the Isthmus.

Major Daniel Camarena Flores, of the 22d Military Area, explained that this anti-gun campaign is being carried out based on a "military plan" with troops stationed at Ixtepec, and consists of "mobile filters."

He added that the weapons and seizures depot are being concentrated at the Ixtepec military base, but explained that the troops only support the actions of the Judicial Police, under the authority of the commander of the Ixtepec Judicial Police, Cipriano Marcelino Cardenas.

The state attorney of justice, Miguel Angel Gonzalez Labastida, also reported that in response to petitions of the state representatives of the PSUM [Unified Socialist Party of Mexico], an exhaustive investigation is being held to identify those responsible for the confrontation between partisans of COCEI [Labor, Peasant, Student Coalition of the Isthmus] and partisans of PRI [Independent Revolutionary Party] last Sunday in La Ventosa.

He also said that by next week at the latest the official results of that investigation will be known and that "the law will be obeyed, no matter who falls."

And according to investigations carried out at La Ventosa regarding the confrontation between COCEI members and members of PRI, the resident of the municipality Leopoldo de Gyves "is not injured."

Porfirio Moreno, president of the Regional Livestock Union, was also interviewed. Mr Moreno stated that the "constant invasions of lands by members of COCEI cause the people to flee to the countryside in the Isthmus of Tehuantepec, which will cause an alarming slump in agricultural and stockbreeding production."

12448

CSO: 3248/1159

MONSIGNOR OBANDO Y BRAVO STRESSES NEED FOR PEACE

Managua LA PRENSA in Spanish 14 Jul 83 pp 1, 8

[Exclusive interview with Monsignor Miguel Obando y Bravo, archbishop of Managua and chairman of the Episcopal Conference; Managua; date not given]

[Text] Monsignor Miguel Obando y Bravo, archbishop of Managua and chairman of the Episcopal Conference, in an exclusive interview granted to LA PRENSA referred among other things to the crucial search for peace, the warlike atmosphere, the announced meeting with his Honduran counterpart to avert war between the two countries, and the trip he would take tomorrow, Friday, to Colombia to participate in a meeting of CELAM [Latin American Bishops Conference].

Below is the interview with questions and answers:

Question: Monsignor, in view of the fact that the Honduran and Nicaraguan church have postponed until another undetermined date talks to find arrangements and avert a possible armed conflict between the two countries, what can you tell us in that respect?

Answer: We know that peace is not dependent on a specific individual but rather that it depends on all men of good will and we believe that we have the obligation to cooperate to the extent of our possibilities, offering our small but effective help.

We had agreed with the archbishop of Tegucigalpa, Monsignor Hector Enrique Santos, to meet Monday before last in San Jose, Costa Rica, and I had already booked my seat to go that Monday morning and return the same evening, but I had a problem with my passport and at the same time I received a telephone call informing me that the archbishop of Tegucigalpa thought that it was better to postpone the date of our meeting. So far we have not set any date. I thought that it was appropriate to meet with and listen to him because in talking with others one always receives new ideas.

Question: In this peace move initiated by the Honduran church and very well received by the Nicaraguan church, what idea of peace does our church have?

Answer: It behooved us to listen to the archbishop of Tegucigalpa, in the first place to see what he had to say, then to think it over, and thridly to act. It is clear that the Nicaraguan church, as Pope John Paul II said, "is the first to want peace," and we are following the directives of John Paul II as well as those of Pope Paul VI, for a peace supported by four pillars, these four pillars being truth, justice, love, and freedom. A peace that rests on these four pillars is the peace that any man of the church, that any man of good will desires.

Question: What other solution do you think, Monsignor, is possible at this juncture and considering the tension now prevailing both in Nicaragua and Honduras, when there is talk of imminent war. What words and explanations would you voice to the Nicaraguan faithful?

Answer: I know that peace is a gift of God, and I would tell our parishioners that it is necessary to seek that peace so that the minds of men may be enlightened and we may find an arrangement where problems can be solved without the need to resort to armed violence. Obviously peace, and I repeat this, depends on all men. Pope Paul VI used to say: All have to cooperate to the extent of their possibilities, but especially those in power who rule the destinies of peoples have great responsibilities. It will also be necessary to start using a rhetoric of peace. If the language is violent, is harsh, is a language full of deviousness and slanders, this does not favor a climate of peace. And I believe that wars begin in the first place because of language. The Apostle John put it well: "The tongue is so small, and yet it causes major devastations." It is therefore also necessary to speak a language of peace so as to be able to work for that peace as I have defined it and which we all desire, a peace set in truth, love, justice, and especially freedom.

Question: In accordance with the concepts that you have expressed about peace, would you be prepared, if you were asked, to mediate to achieve such peace?

Answer: We all have the obligation to seek the welfare of our people, the common good, and one cannot seek the common good while there is no peace that is the result of justice, and I believe that we must all strive to uphold the respect for individual rights because if there is no respect for individual rights there cannot be peace. It is necessary to strive for freedom of information because we also have the right to be informed. One must take into account the fact that the collectivity should not submerge individual rights. I believe that we are all servants and I feel that here in Nicaragua there are experts who can work together to achieve the peace desired by the peoples and which we Nicaraguans also long for. We are servants: Whenever circumstances allow, we must collaborate and work, always seeking the good of our people.

Question: Moving to another topic--the trip that you will make to Colombia tomorrow--could you tell me the purpose of that trip?

Answer: We have to meet several times during a year with the executive of the Latin American Bishops Conference (CELAM). On that occasion all the chairmen of the units and sections of CELAM get together with the other bishops who make up the committees. Your servant here heads the unit of the religious and will meet with six other bishops who are members of this unit.

In Bogota we plan to meet some 50 bishops, and we shall all strive during a week to draw up a working plan that we shall implement by units.

Question: Will you travel alone or be accompanied by another member of the church from here?

Answer: I shall be the only one to go from Nicaragua but several bishops will go from Central America, among them the one who heads CELAM's education unit, who is the archbishop of San Salvador, Monsignor Arturo Rivera y Damas; as well as another unit chairman, Monsignor Prospero Penado of Guatemala; and Monsignor Troyo of Costa Rica; Monsignor Oscar Rodriguez of Honduras, who is in charge of the youth section and is at the same time bishop of Olancho and also the auxiliary bishop of Tegucigalpa. At this meeting several bishops of Central America will get together in addition to the bishops of Mexico, the whole of South America, and the West Indies. Accordingly, a large number of bishops will meet on this occasion.

Question: Monsignor, is it possible that at this CELAM meeting in Colombia an assessment will be made of the situation in Central America? Could the church undertake any mediation effort to ease these conflicts?

Answer: If CELAM's executive deems it appropriate, it would be entirely possible to handle these problems. As a general rule reports are always made of events in Central America and in various countries when we meet, but if CELAM's executive considers it suitable, the issues could be discussed. CELAM's secretary general, Monsignor Dario Castrillon y Hojos (who was recently visiting the interview here in Managua), is quite familiar with the situation in Central America since he has recently been to these countries.

Question: Monsignor, is there anything else that you would like to add to this interview?

Answer: I would like to tell our faithful that we are praying that God may help us achieve that peace for which the Nicaraguan people long so much and to remind them that since peace is a gift of God it is necessary to beseech it while we do what is within our power. As a Christian I believe that prayer also plays a very important role.

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CSO: 3248/1151

## DEMOCRATIC COORDINATING BOARD COMMENTS ON CONTADORA

Managua EL NUEVO DIARIO in Spanish 24 July 83 p 7

[Text] The leaders of the Ramiro Sacasa Guerrero Democratic Coordinating Board, Adan Fletes of the PSC [Social Christian Party] and Luis Rivas Leiva of the PSD [Social Democratic Party], indicated yesterday evening to EL NUEVO DIARIO that Nicaragua's peace proposal and its acceptance of a multilateral dialogue to initiate negotiations in Central America are positive steps toward regional peace while they expressed their natural positions of opposition to our domestic policy.

Similarly, both voiced their disagreement with the policy of the Reagan administration of sending warships to Central America even though on his part Luis Rivas Leiva said that they had not even analyzed in his party the possibility that "Yankee marines" might attack Nicaragua directly or that Nicaragua might be blockaded because the United States, he added, has the capability of blockading our country within a few hours.

Fletes of the PSC Speaks

The president of the Social Christian Party (PSC), Adan Fletes, interviewed by EL NUEVO DIARIO on the Sandinist government's peace proposal, said that "it is very positive since it resembles that made by the presidents of the Contadora Group meeting in Cancun [Mexico].

"The two above-mentioned proposals and that being made by the foreign ministers of some Central American countries must be pursued and I believe that starting right now the Contadora Group is motivated, will step up its efforts, and it is possible that this situation may be able to help ease all tensions," Fletes said.

He added that it was appropriate to start implementing the plans of the Contadora Group.

Regarding the special committee created by the Reagan administration for Central America headed by Henry A. Kissinger, Fletes said that the U.S. Government is working on a long-term plan but that it was not clear how that committee would impact on U.S. foreign policy. That long-term perspective, he said, means that the U.S. Government perceives the Central American crisis as continuing for a long time.

## War and Peace

Fletes stated that the difference between U.S. policy and that of the Latin American group consisting of the Contadora countries regarding the region is that the United States is sending warships and supporting Somozist counterrevolution in Honduras while the Contadora Group is promoting peaceful negotiations.

As regards the United States military maneuvers with warships in Central America, Fletes said that the PSC<sup>111</sup> condemns the fact that the hegemonic rivalry of the great imperialist powers is being played out here."

## Flexibility

Fletes noted that the six-point proposal of the FSLN [Sandinist National Liberation Front] evidenced flexibility in that it accepted the multilateral dialogue proposed by the presidents meeting in Cancun even though it is anticipated that a bilateral dialogue with Honduras could subsequently be possible.

Fletes gave assurances that there has been a kind of internal relaxation among the Nicaraguan people and that tension has tended to diminish in view of the prospects that are opening up because undoubtedly the Nicaraguan people want peaceful solutions and solutions of a political nature lead to this.

## No to Intervention

Regarding President Reagan's expressed resolve to topple the Sandinist government, Fletes said that the PSC is opposed to any foreign intervention against the Nicaraguan people, who are against the use of violence in the solution of problems and that Ronald Reagan has no reason to express such an opinion since Nicaragua's political problem is the business of Nicaraguans.

## Rivas Leiva States His Opinion

The secretary general of the Social Democratic Party [PSD], commenting on the six points proposed by the Sandinist government to initiate a multilateral dialogue at the regional level to achieve peace, said that his party had analyzed them and that he was expressing this opinion on that basis.

His party backs without qualification the signing of nonaggression treaty between Nicaragua and Honduras. As for the absolute cessation of the arms supply to El Salvador, Rivas Leiva said that the PSD supports a halt in arms supply by any country to any other in Central America and not merely to El Salvador. Regarding the third point, he said that his party was in agreement that no support should be given to forces adverse to another Central American country and that these should not be backed. Also, that his party fully supported the self-determination of peoples.

As for the fifth point, he said that the PSD is against any aggression or discrimination against any country, but he added that these principles must also be implemented internally in each country. He also noted that the PSD was in agreement that military bases should not be kept or military exercises held overtly in Central America but that neither should there be "covert bases" in the area.

## Maneuvers Aggravate the Situation

Rivas Leiva said that there was no question that the military maneuvers announced by the U.S. Government aggravate the situation further and that these maneuvers should not be held now because they generate concerns, fears, and more difficulties. To blockade our country Rivas Leiva said that the United States does not need to hold maneuvers but can organize a blockade within a few hours since it has the capability for it and he added that the purpose of the U.S. exercises is to intimidate the Nicaraguan Government.

To achieve regional peace he said that it was also necessary to take into account the Nicaraguan opposition because the United States supports the former National Guardsmen of the Somoza regime on the pretext that elections have not been held and the FSLN has not initiated a Western-style democratic process (his party's views overlapping in this respect with the position of the Reagan administration in the United States). Also, he noted that the peace proposal of the Sandinist government coincides in many respects with the declaration of the presidents of the Contadora Group meeting in Cancun, Mexico.

Asked what the PSD would do if the U.S. Government decided on direct attacks against Nicaragua, Rivas Leiva answered that his party had not even weighed that possibility. "We have not thought about it. Such an attack would be something as unreal as our going to the moon," he explained.

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CSO: 3248/1151



## TEXT OF RAMIREZ SPEECH TO INTELLECTUALS CONFERENCE PUBLISHED

Managua BARRICADA in Spanish 18 Jul 83 pp 2, 9

/Speech by Dr Sergio Ramirez to Intellectuals Conference on Central America on 14 July 1983 in Managua: "Own Revolution, Sovereign Model"/

/Text/ Although it is not an international commentary, we present for our readers Dr Sergio Ramirez' speech on 14 July at the Intellectuals Conference on Central America. In his speech, comrade Ramirez made a devastating analysis of the three propaganda arguments used by the current U.S. Government to justify the aggression against the Sandinist Revolution.

Nicaragua, like the rest of Central America, has had a disadvantageous relationship with the United States almost since the United States appeared as a nation and changed its original plan of freedom and democracy to Manifest Destiny.

Due to our unfortunate geographic proximity and Nicaragua's territorial possibilities for an interoceanic canal, we have been in the geopolitical sights and conquest plans of successive U.S. administrations. This proximity and the insatiable thirst for domination inspired by the imperial notions of those in the United States who encouraged the perpetual expansion of its boundaries and still want to continue expanding them have created a basic historical conflict. In order to survive as a nation, Nicaragua has fought for decades against U.S. imperial ambitions. This began in 1855 when we were invaded by the first filibusters and lasted until 1979 when the revolution finally proclaimed national independence and included General Sandino's feats against the 1927 intervention. With weapons in hand, he established the ideological premises of all this long fight, a fight of all Latin America that we are now fighting again in this small but firm trench.

Since this is also a political and ideological fight and the imperial propaganda arguments only try to disguise and justify the armed military aggression organized, directed and financed by the Reagan administration, it is appropriate to examine some of the better known fallacies, chants of death and destruction against our right to independence. We will examine them in the light of reason, the reason of a poor people who fight for their national identity

against the renewed buffets of Manifest Destiny, in order to see the web of those lies and sophistries repeated so many times.

# 1) Sandinists' Serious Mistake Is Attempt to Export Their Revolution

Revolutions have been exportable throughout history if we want to use that mercantile term when we speak of the dynamics with which ideas circulate beyond borders. There would never have been a French Revolution without the revolution of the 13 American colonies. Jefferson's ideas would never have existed without the inspiration of the French encyclopedists. General Lafayette would never have left France to fight in the fields of Virginia if he had not believed that revolutions do not have boundaries. Benjamin Franklin would never have spent so many years in the European courts if he had not believed that his American Revolution was exportable.

In other words, the revolution that led to the United States as a nation has been the most exported revolution in contemporary history. It, in turn, used imported ideological elements as the basis of its philosophy, its war of liberation and its new laws.

Facing the absolutism of the Spanish monarchs in Hispanic America, the same colonialist absolutism that England exercised over the future United States, our native liberators found that the most tempting and dazzling formulas to get rid of the colonial yoke came from the north--just as all our disasters would come from there later. This meant the example of a bloody and implacable war fought by men determined to replace the colonialist regime with a new political and social order and the crystallization of utopic ideas on democracy from enlightened Europeans that would be tested for the first time in the new world, the promised land for those seemingly outlandish philosophical dreams: a constitutional government and balance of powers. These were all extremist and subversive concepts, according to the monarchies. As they spread secretly through Hispanic America, they led to persecution, imprisonment and exile. Reading James Madison was a crime of lese majesty in those times just as reading Marx now can be fatal in Guatemala or El Salvador.

The constitution of the new United States and the explosive ideas that inspired it went secretly by mule throughout Central America. The new republic led by violent radicals, revolution-exporting extremists who only believed in their own model and rejected any other, represented a threat for internal security and Spain's strategic interests in the new world. This great colonial empire was beginning to crack. In 1823, the independence of Central America was already won and the first federal constitution voted on in an attempt to lay the foundations for the ephemeral dream of Morazan's united Central America began with the same invocation copied word for word from the constitution written by Madison in 1787. The United States then was exporting a model and exported the bloody example that such a profound change as the defeat of the British empire in America could not be carried out without rifles, without militarily crushing the enemy, without emulating the Minutemen, guerrillas as brave as the Salvadoran FMLN /Faribundo Marti National Liberation Front/. Facing the insurgency of a new order based on new and necessarily subversive ideas, the old order and old ideas were destroyed by war and hundreds of words illegible

counterrevolutionaries left in a massive exodus to Canada because a revolution always produces an exodus.

The first armed revolution on the continent took place in the United States. The United States exported its revolution to Spanish America. Although the monarchy tried hard to repress those secret ideas that circulated urgently and secretly through the viceroyalty of Guatemala and New Granada, it was impossible to keep them from catching fire in the minds of thousands of other bearded, barefoot, hungry and ragged extremists. They trafficked in books and pamphlets which contained those incendiary speeches and subversive laws. They also trafficked in rifles and ammunition to impose those ideas by force since they already had the force of reason. As Bolivar recognized in his Angostura speech, they did not relent in seeking and accepting the weapons needed to insure the victory of their liberating army: "Our army lacked military elements; it has always been disarmed....Now the soldiers of independence are not only armed with justice but with force....We owe these great advantages to the unlimited liberalness of generous foreigners who have seen mankind grieve and the cause of reason succumb. They have not watched like calm spectators but have hastened to provide their protective aid....These friends of mankind are the good watchmen of America."

In those days of forging a new world and a continent in revolution, it would have been impossible for Jefferson, Washington, Bolivar or Morazan to keep their revolutions from being exported. It was not a matter of imposing those models by force. They were leading a historical crusade of radical changes that buried the old colonial world.

Morazan, as ideologist of the great dream of a Central American Federal Republic, never thought in provincial terms nor believed that his liberalism would end at the Honduran border.

On the contrary, his political and military movement, the most formidable in our 19th-century Central America, led to the rise of a great revolutionary party throughout the region that pitted ideas against ideas and advanced its concept of changes with the strength of federalist weapons. The fight was not between Hondurans and Salvadorans or between Guatemalans and Nicaraguans but between liberals and reactionaries, between armed revolutionaries and clerical obscurantists and feudal landowners, between the new Central America that was open to new ideas and the obscure Central America of the Inquisitor monks and despots. Morazan, like Washington and Bolivar, was a great exporter of revolution, subversion and extremism because he wanted to change the reality.

Therefore, the Sandinists who repeat Morazan's revolutionary feat in the 20th century feel it is impossible that our idea of revolution would not be exported. We export new ideas, ideas of change and renovation, ideas that lay the foundation for a new world. We export the proven possibility that an armed people can, when they try, overthrow a tyranny and establish a new world on the remains of that tyranny. We export the news that in Nicaragua the revolution has brought literacy, agrarian reform, the end of poliomyelitis, the right to life and hope. How can you keep a peasant from another country in Central America from hearing, learning, realizing that in Nicaragua land is given to other poor,

barefoot peasants like him? How can you keep him from realizing that here other children, not his, are vaccinated while his children continue to die from gastroenteritis and polio?

Now, as then, the fight is not between Nicaraguans and Hondurans but between laborers and bosses, between new men and phantoms from the past, between those who fight for a better order and those who try to uphold the worst order forever.

In this sense, we export our revolution.

## 2) Sandinists Have Betrayed Original Plan of Their Revolution

The original plan of the American Revolution was quickly betrayed. James Madison himself, father of the U.S. Constitution, was already apprehensive in 1829 that the perpetual expansion of the new nation controlled by manufacturers and tradesmen would end the experiment of the republican government.

Madison's fears soon turned into Manifest Destiny and the America in revolution, the continent lit by the fires of change, soon turned into the America of above and below, oppressors and oppressed, despoilers and despoiled, expansionists and cornered. The sons of Washington and Jefferson expropriated from us not only vast Mexican territories in that first overwhelming push but even the name of America. That dream of freedom and justice turned into a hegemonic nightmare. The United States of 1898 was not the same as the United States of 1776. They had left behind their original plan of revolution and begun the expansionist counterrevolution that swallowed up Cuba and Puerto Rico and prepared to attack all the Caribbean, including Nicaragua and Panama. This was not done in the name of that old republican ideal for which so many independence fighters had shed their blood on the snowy battlefields but for that imperial ideological aberration, Manifest Destiny, which would be covered by the veil of pan-Americanism. The United States allied itself with the rest of the continent cunningly and opportunistically only to kill the possibility of identity and identification among the nations that were subjugated or able to be subjugated. All that scaffolding of constitutional laws, division of powers and courts of justice began to give way under the weight of imperial interventions and the sordid alliances with the worst people in these poor and weak countries: political traffickers and obscure exploiters who divided up the presidential positions negotiated with the grandchildren of the founders of that first liberating republic whom history already hid in its shadows.

We know what the original plan of the American Revolution was. When betrayal of our original plan is mentioned to us Sandinists, what plan do they mean?

During Reagan's 1980 election campaign, the spokesmen of the New Right who already had won the ideological leadership of the Republican Party stated that the United States would never again commit the mistake of not fighting to the finish for an ally like Somoza. They felt guilty and ashamed for having abandoned him. Later they stated they preferred Somoza a thousand times more than the Sandinists. Still later they armed the old supporters of the Somozist regime--nothing less than the National Guard--to destroy the Sandinist plan of revolution and take power again with the weapons of counterrevolution.

The original plan that the U.S. Government refers to is not ours. Its constant plan, without changes or retouches, is that of the National Guard created in 1927 by the United States itself. It replaced the Yankee army of occupation in 1933 and supported the Somoza dictatorship for almost half a century.

The U.S. plan strives for the reinstallation of the National Guard as a decisive force in the country, loyal to U.S. interests in the region like General Alvarez' army in Honduras is loyal to those interests.

Why do they want the National Guard to again occupy Nicaragua as it did for 50 years? To give us Jefferson's constitution and George Washington's political model? To fulfill the American dream of 1776 in Nicaragua? That dream does not exist but the National Guard does because of the determination of the Reagan administration.

The wizards of the Reagan administration cannot really think that we have betrayed the original plan of revolution because they reject every idea of revolution radically and instinctively. The word revolution is incompatible with their view and concept of the world. Therefore, they will entrust the alleged revolution we have not been able to carry out and from which we have withdrawn to the colonels and paid assassins of the Somozist Guard who murdered thousands of youths and peasants, bombed neighborhoods and villages, violated women and filled the jails.

The Reagan ideologists are not the only ones who say we betrayed the original plan of revolution. Those who feel affected materially and ideologically by the revolution say they do not see what they considered the original plan in its progress or its actions. They mean their original plan in which the wind of revolution does not blow on their age-old privileges, their excessive wealth, their feudal estates, their businesses and relationships with the dictatorship. It would have been impossible to carry out a revolution with so much sacrifice and blood just to cut it off in such a selfish and unchristian way. We have betrayed that idea of a revolution without effect.

However, it must not be forgotten that we Sandinists did not make our basic promises to the United States--we never made any type of promise to it--nor to the privileged groups in Nicaragua. Our basic promises were made to the poorest of the country; they defended these promises with arms and heroism. The original plan continues, growing and spreading for them in cooperatives, schools, health centers, land, dignity and sovereignty. There was never any other plan than that; that was the original plan.

We believe that the United States is the country that should return to its original plan of freedom and democracy, the plan of Washington, Madison and Jefferson, that beautiful plan of revolution that was betrayed by capitalist greed, lack of restraint in the accumulation of wealth and that mistaken expansionist desire that has pushed the boundaries of the United States toward our own borders so many times as it does now, once more, toward the Honduran border.

### 3) Sandinists Have Copied Totalitarian Model of Revolution

The same ideological strategem that justified the invasion of these American lands and the confiscation of our own free destiny also created the pretext for the racial superiority of the invader and inferiority of the invaded. If, as marginal peoples, we were perpetually condemned to live from the crumbs of the rich, it was because of our own historical impossibility. The adventure of Yankee conquest thus became an adventure of the white race which owned all the initiative and spirit of conquest, capable of dominating nature and creating all science and technology, machinery and progress. Not only did we become the conquered but we were obtuse and idle half-breeds, illiterate by desire and inertia, poor by unchangeable fate, violent and anarchical, quarrelsome and vengeful.

God was on the side of the United States and its prophetic mission to conquer the world. They were the people of the Second Coming who would find their promised land wherever they established their border rights, taming the wild savages who, according to the canons of William Walker, were only worthy of slavery since they were racially inferior.

They imposed on our country not only divinely dictated submission but a model of political conduct that meant acceptance of foreign domination along with all the privileges of that conquering race. Civilization and progress were dreams they offered us culturally but they were impossible to attain under the ideological condemnation in which we were submerged.

That dogma of political and cultural domination did not leave any room to aspire to any type of independence or native philosophy. The U.S. political system that our noblemen coveted and for whose adoption they fought turned into perpetual expansion by the puritans armed for conquest and a fate that had to be accepted, no matter how bitter it was. The triumph of that domination meant the end of any national identity, any native philosophy, any aspiration to draw up our own political model or develop our own creativity. The powerful, strong and wise Yankees owned all the initiative and all the future. We, the cause and product of underdevelopment, could not own anything but our own wretchedness, our own poverty which only generated more poverty. We were condemned to live on the ideological leftovers of the model of the perfect Yankee democracy. Every 4 years, among colored balloons, it elects its presidents who are ready to turn the screws of domination in our countries in the name of the bankers and financiers. Neither Jefferson nor Madison foresaw this.

Therefore, when the New Right that governs the United States now hears talk of a native model in Nicaragua, it raises its eyebrows in disdain and displeasure. Its first gesture of surprise turns into fury. A native model for those who do not have the historical ability to generate models, those whose only aspiration can be an unchanging role in the ideological and political division of labor! To similar minds, any initiative or historical plan must be elaborated only in metropolitan centers, never in the periphery as if the United States itself had not been the origin, the periphery from which a new model of bloody revolution arose.

Political models are used up when they begin to serve interests for which they were never intended as Madison bitterly lamented. To us, the effectiveness of a political model depends on its ability to solve the problem of democracy and the problem of justice. An effective democracy, like we try to practice in Nicaragua, means broad popular participation, a constant dynamics of involvement of the people in many political and social tasks. The people have opinions and are heard; they contribute, construct, lead, are mobilized and take care of community, regional and national problems. They are an active, sovereign people ready to fight in defense and also to end illiteracy, teach and vaccinate. This is a democracy for every day, not just once every 4 years. If there is a set time--every 4 or 5 or 6 years--for formal elections, they must not be elections by a minority but by all who must elect consciously and elect the best. They would not choose a candidate like a soap or a deoderant but a conscientious leader. It would be a vote freely given and not manipulated by a publicity agency. It would be a vote for change to improve the country and not for multinational financial interests or military industrial complexes.

When Madison wrote his constitution, he thought about this type of democracy that no longer exists in the United States.

To us, democracy is not merely a formal model but a constant process capable of solving the basic problems of development and capable of giving the people who elect it and participate in it the real possibility of transforming their living conditions. It is a democracy that establishes justice and ends exploitation.

A political model springs from a concrete reality and from the needs that that reality imposes to change it. The Sandinist model, our own model, springs from the long U.S. domination in Nicaragua, a domination that was political, economic and even military, social, ideological and even cultural. Our model responds to that domination and establishes as a vital necessity for a native model independence, the recovery of our natural resources and the recovery of the determination to develop an economic plan that transforms the country and gives us the chance not only to generate wealth but to distribute it justly.

When a copied model is mentioned, it is necessary to recall that for half a century Somozism servilely copied the model that the United States imposed. Nicaragua was stuck with the most radical capitalist model, a market economy that impoverished the country and gave away the possibilities for real development. With that capitalist model at any price, market dependence, raw materials and capital resources at any price, Nicaragua was a U.S. satellite behind a real iron curtain with solid bars and triple locks. Of course, the Somoza family also imported the political model of elections every 4 years, a system of two political parties, a bicameral legislative system, supreme court, constitution and laws. It was all a bloody hoax.

That imported, copied, imposed model failed historically and now we are looking for our own model. We are no longer a U.S. satellite. We are no longer behind the U.S. iron curtain. We are free, sovereign and independent, something that was always written deceptively in all the Somozist constitutions. Today it is true even though we still have not written our constitution.

We are ready to consolidate this national plan, this sovereign model of revolution, against any challenge and at any sacrifice. To make that idea possible and nurture it continually, the people of Nicaragua are ready with arms to defend their plan and their model of revolution. They are ready to achieve definitive peace that permits that model--that we do not want to impose on anyone--to flourish. It has real political boundaries which are Nicaragua's borders. We are not a people chosen by God to carry out a manifest destiny. We do not have capital to export nor multinational enterprises outside our borders to defend. Our dreams are not of domination, expansion or conquest but the humble dreams of a humble people who aspire to complete justice and complete independence.

We want to live in peace, grow in peace and expand the example of our sovereign people in peace. They never thought to ask for permission from anyone to make their revolution and will not ask anyone to defend it.

Free fatherland or death!

Intellectuals Conference on Central America  
Managua, 12-18 July 1983  
Year of the Fight for Peace and Sovereignty

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CSO: 3248/1152



## CP LEADER DISCUSSES ROLE OF FOREIGN CAPITAL, POLITICAL SITUATION

Moscow PARTIYNAYA ZHIZN' in Russian No 11, Jun 83 pp 67-71

[Article by Jorge del Prado, Peruvian Communist Party Central Committee secretary general: "Under the Banner of Proletarian Internationalism"]

[Text] Like the other peoples of Latin America, the Peruvian people are fighting for their political and economic liberation and national independence and against imperialist policy. A characteristic feature of the contemporary stage of the revolutionary struggle waged by the peoples of our continent is the participation of the broad toiling masses, the strengthened unity of the communist parties, the growing opposition to U.S. neocolonialism and the broadening of the struggle for independence and social progress.

To us, Peruvian communists, the active participation in the revolutionary movement which is developing in Peru and the rest of the world is inseparably linked to the anti-imperialist struggle. The communist party is clearly assessing contemporary political phenomena. It is using convincing examples to expose the sinister nature of imperialism, emphasizing that despite its defeats imperialism has not abandoned its efforts to regain its positions wherever it has lost them and is ready to do anything to reach its objectives.

The imperialist circles, U.S. imperialism above all, are pursuing a policy of diktat and interference in the internal affairs of other countries. Parts of the world from which the United States deems it possible to extract economic, political or military-strategic benefits, are unceremoniously proclaimed areas of American interests. In pursuing its aggressive imperial course, the United States is aggravating the world situation and unleashing conflicts.

This is confirmed by the current events in Central America. The U.S. Administration is not abandoning its plans to destabilize the situation in Nicaragua. The main counterrevolutionary forces which are currently broadening their aggressive activities against Nicaragua are armed, equipped and directed by the United States. The Reagan Administration is increasing its aid to the bloody Salvadorean regime in suppressing the national liberation movement in that country. U.S. support of the Israeli aggressors also proves the sinister nature of the policy pursued by American imperialism.

The policy of the U.S. ruling circles, aimed at aggravating world tension, escalating of the arms race and military preparations is being angrily

condemned by the peoples. The aspiration of the ruling U.S. circles to deploy American medium-range missiles in western Europe is particularly dangerous.

Today the entire world is becoming convinced that the Soviet Union is doing everything it can to prevent the outbreak of a world thermonuclear war. The peace proposals submitted by the USSR are meeting with the understanding and support of all progressive forces.

The real reason for the adventuristic policy of imperialism is above all its aspiration to draw the attention of its own peoples away from internal problems related to the profound capitalist economic crisis. The forces of imperialism would like to stop the struggle of the peoples for social change and national independence.

It is these facts as well which define Peruvian reality. Our new party program, which was adopted at the 7th National Congress of the Peruvian Communist Party (1979), calls upon the Peruvian communists to be familiar with and study the specific reality which we must change.

Our country is rich in ancient historical and cultural traditions. It has tremendous natural resources. That is precisely why Peru became one of the most important centers of Spanish colonialism after the conquest of America, and why soon after the official proclamation of independence at the turn of the 19th century it fell under the influence of British capitalism and later under the power of U.S imperialism.

Although a backward country in which feudal vestiges and even elements of a barter economy and semislavery production relations are still strong, and a country which has reached no more than an average level of industrial development, Peru today is part of the world capitalist system. Our country is a supplier of raw materials and a market for industrial commodities as well as an area for capital investments.

Hence the main contradiction in contemporary Peruvian society: the country is objectively aspiring toward socioeconomic independent development, whereas imperialism, U.S. above all, is persistently hindering this development, stopping at nothing for the sake of satisfying its greedy interests.

The one-sided development of our economy, caused by imperialist dominance, has led to the fact that raw materials and other resources exploited by foreign entrepreneurs have become the main source of foreign exchange.

Let us note that the invasion by foreign capital of the Peruvian economy has weakened the national bourgeoisie even further, whereas the proletariat has grown significantly and has become concentrated mainly at large industrial enterprises and the transportation system servicing them. That is precisely why the proletariat is the social class which plays the main role in the strategy of the struggle for the solution of the main contradiction in the country's sociopolitical life.

This, however, does not mean that we are underestimating the role of the peasantry, other nonproperty-owning social strata and the progressive urban

petite bourgeoisie and the intelligentsia, the share of which is significant and without which the victory of our revolution would be impossible.

All of these factors influenced the development process within Peruvian society. They led to the creation of the Peruvian Communist Party and defined the nature and the historical and social directions of its tasks.

Peru is a country totally dependent on the world capitalist system. Therefore the periodical capitalist economic crises cause a profound upheaval in its economy and affect the political situation in the country. The intensification of the capitalist crisis in Latin America increases the dependence of the countries on our continent on Yankee imperialism, aggravates class contradictions and worsens the impoverishment of the masses. The predatory nature of the multinational companies is striking increasingly tangibly at the vital needs of the countries aspiring to independent economic development.

The successes of socialism and the victories of the national liberation movement have a tremendous influence on us. Socialism proved its superiority over capitalism in practical terms. The world of real socialism, the most powerful bulwark of which is the Soviet Union, is the main force in the struggle against the exploitation of man by man and national oppression, and for democracy, peace and social progress.

The Peruvian Communist Party proceeds in its struggle from the general laws governing the development of the revolution, reflected in the theory of Marxism-Leninism and confirmed by practical experience. A profound understanding of these laws and reliance on them, combined with a creative approach and a consideration of the specific conditions of the individual countries have been and remain inseparable features of the Marxists-Leninists.

This year, together with communists the world over, our party is celebrating the 165th birthday and centennial of the death of Karl Marx, the founder of scientific communism. Marx left mankind the richest possible legacy of ideas, further developed by V. I. Lenin. Marxism-Leninism defines efficiently and clearly the historical revolutionary tasks of the proletariat. This doctrine, which is a powerful force, is continuing its victorious progress.

This is confirmed by the achievements of the Soviet Union and the other socialist countries and the successes achieved by the progressive forces in the struggle for peace, democracy and socialism. The successes achieved by the members of the socialist commonwealth, including Cuba, are used by the Peruvian communists as their basis in arguing in favor of the insurmountable nature of social progress based on the strengthening alliance among all forces fighting for national and social liberation jointly with the world socialist system headed by the Soviet Union.

At the same time, we use specific examples to depict the beastly face of imperialism, that of the United States in particular, and the sinister activities of those who side with it.

We constantly emphasize both the patriotic and the internationalist content of our party's political line. A revolution which aspires for a victory over imperialism, the Political Theses of the 7th National Congress of the Peruvian Communist Party stipulate, must obey the principle of proletarian internationalism. It must rely on the support of the socialist commonwealth, of the Soviet Union above all.

During its 55 years of existence the Peruvian Communist Party has invariably followed the principle of proletarian internationalism, entirely in accordance with the behests of Jose Carlos Mariateguy, our party's founder.

The Peruvian Communist Party is pursuing its general line under circumstances of a changing political situation, essentially caused by changes in government and other events. The has always made it incumbent upon the party to formulate a suitable tactical and political line consistent with each important change. This has also forced it to act under a variety of circumstances and to use existing favorable circumstances if present. In 38 out of its 55 years of existence the party has been forced to operate under extremely strict clandestine conditions or semilegally.

Our party withstood in the struggle against five military fascist-leaning dictatorships and reactionary governments. The fact that under such circumstances it was able to preserve and strengthen its ranks and lead the masses is explained by its loyalty to Marxism-Leninism and its strategic, tactical and organizational principles, to proletarian internationalism and, above all, to the international communist movement.

It was thanks to this that our party has always been with the working class and in difficult historical circumstances has been able to make its contribution to the creation of powerful anti-imperialist and antioligarchic associations, such as the antifascist National Front in World War II, the National Democratic Front in 1943-1945, the Petroleum Defense Front in 1959-1962, the "Unity of the Left" in 1967-1968, and the Coalition of Leftist Forces during the electoral campaign of 1968 and after October 1980. Allied with these mass political organizations, the Peruvian communist Party was able not only to endure in the face of dangers but also significantly to accelerate the development of the country's revolutionary process, which developed in Peru not on an isolated basis and which was related to external factors.

Most important global events, such as the defeat of fascism, the appearance of the global socialist system and the collapse of colonial empires helped to bring about the victory of the Cuban revolution and gave a tremendous impetus to the development of the anti-imperialist movement in Latin America and the Caribbean.

The consequences of these events were the victory of the Popular Unity Bloc in Chile, headed by President Salvador Allende, the accession to power of the national and progressive movement headed by General Omar Torrijos in Panama, and the victorious anti-imperialist movement in Peru, which put in power the revolutionary armed forces government headed by General Velasco.

This was the first time in our country's history that the military seized the power not for the sake of setting up a fascist-leaning dictatorship but to fight imperialism and its allies within the country and to implement basic reforms related to Peru's national needs. The country's high military commanders refused to act as tools in the hands of imperialism and the local oligarchy.

General Velasco's government undertook to carry out a process of nationalization, agrarian reform and a number of other social actions. This marked the start of a new progressive stage in our historical development. All of this contributed to the creation of new favorable conditions for the revolutionary process in the country and the successful implementation of our party's general and tactical lines.

Militantly supporting the progressive steps of the military government with the help of mass trade union and popular action, we tried to develop the awareness of the masses in favor of socialism and their ability to counter bourgeois ideology. We openly criticized those aspects of governmental policy which, in our opinion, were inconsistent with the interests of the people and were aimed at restricting the historical role of the working class. The communists demanded the active participation of the working class and the revolutionary and people's organizations in the anti-imperialist and anti-oligarchic activities of the government and called for the formation of a broad front of democratic forces.

The Velasco government, however, proved to be politically and ideologically weak. It raised the slogan of "neither capitalism nor socialism," and did not allow the working class, the peasantry and the revolutionary and progressive forces to play a leading role in the implementation of changes. The class limitations of the Velasco government prevented it from definitively breaking the foundations of the capitalism economic and political power.

The large number of ideological and political errors and internal contradictions led to a crisis of the military government in the middle of 1975. The severe illness of General Velasco played an important role in this case.

Profiting from the existing situation and the popular discontent, which increased as a result of the economic crisis, using its agents within and outside the country, American imperialism carried out a coup d'etat, the purpose of which was to restore the domination of international financial capital and the local oligarchy.

The clever operation, which was carried out through military and political methods, led to the accession to power of a new president, General Morales Bermudez, allegedly a "more progressive continuator of the revolutionary process." The result was an economic policy under the neocolonialist control of the International Monetary Fund and the start of dismantling already achieved anti-imperialist and antioligarchic gains.

The present Belaunde Terry government, which came to power as a result of the 1980 general elections, is totally dependent on the imperialist circles and is pursuing an antinational economic policy.

Under the leadership of this pseudodemocratic government and on the instructions of U.S. imperialism, headed by the current Reagan Administration, all progressive social reforms carried out under General Velasco's government, are being dismantled openly. The living standard of the working people, who are experiencing the main burden of the economic crisis, is declining steadily. Paralleling an obvious process of penetration of imperialist companies into the key sectors of the national economy is a denationalization of previously nationalized enterprises.

An increasing number of small and medium enterprises are becoming paralyzed by the competition between domestic and imported goods, which leads to high partial and total unemployment. Inflation rose by an annual average of 78 percent and prices rose by a factor of more than 10 between 1975 and 1982. Forty-three percent of the state's budget outlays go to repaying the foreign debt. All of this puts the country, the people and the government itself in exceptionally difficult circumstances.

The Peruvian Communist Party is opposing the Belaunde government and its repressive and regressive economic policies head on. The 8th Extraordinary Congress of the Peruvian Communist Party (1982) passed a document condemning the antinational economic policy of the government and directed the party members to develop a mass movement in defense of the interests of the working people.

The current general anti-imperialist and social progressive line of the Peruvian Communist Party is being pursued under objective and subjective circumstances which are far more ripe and favorable compared to the previous situation.

To begin with, today the majority of the population is realizing through personal experience that bourgeois or "parliamentary democracy" recognizes the civil rights of the working people only as a formality and is not concerned with improving their living conditions.

Secondly, the treasonable reactionary offensive of the current government, which consists of liquidating state enterprises and annulling the progressive reforms of the Velasco government, forces the working people, workers and peasants, to defend these reforms and to assume more active and conscious anti-imperialist and antioligarchic positions.

Thirdly, the trade union movement developed and strengthened in the course of the revolutionary process which began in 1968, resulting in the legalization of the General Confederation of Peruvian Working People. Today the trade unions are a powerful force unparalleled in the social history of our country.

All of this means that the Peruvian Communist Party has been and is following a correct political line and is helping to create favorable conditions for involving the broad people's masses on its side.

Given such circumstances, it is easy to understand why the communist party, which has its organizations throughout the country and is enjoying a growing influence in the labor and popular movements, was able to organize in Peru a



political front such as the Unity of Left-Wing Forces coalition, which rallies the majority of anti-imperialist parties and movements and supporters of socialism and is steadily broadening the realm of its political and social influence. Within a short period of time the coalition was able to prove its viability. The question now is to energize its activities and make it a militant and aggressive association.

We, Peruvian communists, are actively participating in the struggle. Like yesterday, today the working people have an accurate understanding of our line. Yankee imperialism is our enemy No 1. The Soviet Union and the socialist countries are our greatest friends.

The USSR set the example of how to free the working people from capitalist exploitation and the nations from national oppression. It is only in this light that we can assess the consistent Leninist internationalist policy pursued by the CPSU. The principles which inspired the 1917 October Revolution and the founding of the USSR on 30 December 1922 determine to this day the policy of the Soviet Union in its struggle against the intensified aggressiveness of imperialism, which is threatening mankind with nuclear war. We support with all our heart the Soviet Union -- the indestructible bulwark of liberation, socialism and peace. The internationalist line of the Peruvian Communist Party remains unchanged. Our party has always favored the establishment of comprehensive relations between Peru and the Soviet Union.

The Peruvian Communist party helped to create a favorable atmosphere for the implementation of the will of the people and for defending the gains made under General Velasco's progressive government. We reject the increasingly obvious neocolonialist provocative policy of U.S. imperialism and its interference in Central and South American affairs. As it does everywhere else, on our continent imperialism is threatening peace and the achievements and rights of the peoples.

Such are the present activities of the Peruvian Communist Party. This is not to say that it has never committed any errors or blunders. However, its active participation in national life and the solution of internal and external problems has considerably enhanced its political authority as a revolutionary force acting in the vanguard of the struggle waged by the Peruvian people against imperialism and for peace, independence and social progress.

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